

LEGISLATURE OF NEBRASKA
 ONE HUNDREDTH LEGISLATURE
 FIRST SESSION
LEGISLATIVE BILL 658

FINAL READING

Introduced by Raikes, 25

Read first time January 17, 2007

Committee: Education

A BILL

1 FOR AN ACT relating to schools; to amend sections 32-570,
 2 79-234, 79-498, 79-4,100, 79-4,103, 79-501, 79-502,
 3 79-524, 79-525, 79-526, 79-559, 79-569, 79-570, 79-572,
 4 79-576, 79-577, 79-578, 79-579, 79-580, 79-581, 79-587,
 5 79-588, 79-594, 79-5,107, 79-716, 79-828, 79-1023,
 6 79-1029, 79-1036, 79-1072, 79-1077, 79-10,103, 79-10,110,
 7 79-10,114, 79-10,117, 79-10,118, 79-1217, and 79-1504,
 8 Reissue Revised Statutes of Nebraska, sections 23-3302,
 9 72-2304, 79-528, 79-554, 79-586, 79-1001, 79-1007.02,
 10 79-1030, 79-1065.02, and 79-10,120, Revised Statutes
 11 Cumulative Supplement, 2006, and sections 79-102, 79-401,
 12 79-402, 79-403, 79-413, 79-415, 79-416, 79-418, 79-419,
 13 79-423, 79-431, 79-433, 79-434, 79-443, 79-447, 79-452,

1 79-454, 79-455, 79-470, 79-472, 79-473, 79-479, 79-494,
2 79-495, 79-4,101, 79-611, 79-850, 79-1003, 79-1026,
3 79-1028, 79-1083.02, and 79-1083.03, Revised Statutes
4 Cumulative Supplement, 2006, as affected by Referendum
5 2006, No. 422; to provide for creation and affiliation
6 of Class I school districts as prescribed; to eliminate
7 provisions relating to Class VI school districts;
8 to change provisions relating to the Tax Equity and
9 Educational Opportunities Support Act; to provide a duty
10 for the Revisor of Statutes; to harmonize provisions;
11 to repeal the original sections; to outright repeal
12 sections 32-546, 79-523, 79-553, 79-563, 79-568, 79-585,
13 79-5,108, 79-717, and 79-1078, Reissue Revised Statutes
14 of Nebraska, and sections 79-404, 79-410, 79-411,
15 79-417, 79-424, 79-425, 79-426, 79-477, 79-478, 79-4,109,
16 79-4,110, and 79-4,111, Revised Statutes Cumulative
17 Supplement, 2006, as affected by Referendum 2006, No.
18 422; and to declare an emergency.

19 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) Any individual or group of individuals
2 residing in a Class II, III, or IV school district may propose
3 a plan to create a new Class I school district. The plan shall
4 contain a statement providing the reason for the request to
5 create the proposed district, a legal description of the proposed
6 district, a map of the proposed district, a list of at least three
7 resident students who will enroll in such district as attested
8 to in writing by a parent or legal guardian, a facilities plan,
9 a staffing plan, an estimated budget, and a proposed method for
10 dividing assets and liabilities between the Class II, III, or
11 IV school district and the proposed Class I school district. The
12 proposed district shall consist of contiguous territory of at least
13 twenty square miles within the boundaries of a single Class II,
14 III, or IV school district. The estimated number of students shall
15 be based on a survey of individuals residing in the proposed
16 district. The facilities plan shall include the location of the
17 building, whether an existing building will be transferred from
18 the Class II, III, or IV school district to the new Class I
19 school district, and the cost of any proposed facility purchase,
20 construction, or renovation. If the facilities plan would require
21 a capital facility bond, the plan shall include a proposal for a
22 bond issue to be voted upon concurrently with the plan and both the
23 vote for the creation of a new Class I school district and the vote
24 for such bond issue must be successful in order for the new Class I
25 school district to be created.

1 (2) Such plan shall be filed with the school board of
2 the affected Class II, III, or IV school district and the State
3 Committee for the Reorganization of School Districts. The state
4 committee shall approve the plan if the minimum requirements of
5 subsection (1) of this section are met. If the minimum requirements
6 are not met, the state committee shall reject the plan with an
7 explanation of the unmet requirements. Such approval or rejection
8 shall be made within sixty days after receipt of the plan.

9 (3) If the state committee approves the plan, it shall
10 submit the plan within five days after such approval to the
11 election commissioner or county clerk of the county in which the
12 Class II, III, or IV school district is headquartered.

13 (4) If the state committee rejects the plan, the
14 individual or group of individuals initiating the plan may appeal
15 the rejection to the State Board of Education on a form prescribed
16 by the State Department of Education. The state board shall
17 consider the appeal at a meeting within seventy-five days after
18 the appeal is filed and determine at such meeting if the minimum
19 requirements have been met. The individual or group of individuals
20 appealing the decision shall have an opportunity to testify at such
21 meeting. If the state board reverses the decision of the state
22 committee and approves the plan, the state board shall submit the
23 plan to the election commissioner or county clerk of the county in
24 which the Class II, III, or IV school district is headquartered
25 within five days after such approval.

1 Sec. 2. An election commissioner or county clerk
2 receiving an approved plan pursuant to section 1 of this act shall
3 put the plan into petition form within sixty days following receipt
4 of the plan. The petition form shall be based on a standard form
5 developed by the Secretary of State for such purpose. The petition
6 shall contain a statement providing the reason for the request to
7 create the proposed district, a legal description of the proposed
8 district, a map of the proposed district, and the other elements
9 of the plan required by section 1 of this act. The individual or
10 group of individuals initiating the plan shall be responsible for
11 gathering sufficient signatures on such petitions in order for the
12 plan to be placed on the ballot at the next statewide primary or
13 general election. In order for the plan to be placed on the ballot,
14 such petitions shall contain the signatures of not less than ten
15 percent of the registered voters residing in the affected Class II,
16 III, or IV school district, which total shall include not less than
17 fifty percent of the registered voters residing in the proposed
18 Class I school district, verified as provided in section 32-631.
19 The petitions shall be filed with the election commissioner or
20 county clerk for signature verification for a primary election on
21 or before February 15 immediately preceding the primary election
22 and for a general election on or before August 15 immediately
23 preceding the general election. Petition circulators and signers
24 shall conform to the requirements of sections 32-629 and 32-630.

25 Sec. 3. If the election commissioner or county clerk

1 determines that the petitions submitted pursuant to section 2 of
2 this act contain sufficient verified signatures, the plan shall be
3 certified by the election commissioner or county clerk who received
4 the petitions and the issue shall be placed on the ballot for the
5 following statewide primary or general election in accordance with
6 the Election Act. The ballot language shall be based on a standard
7 form developed by the Secretary of State for such purpose and shall
8 contain the description of the boundaries of the proposed Class
9 I school district and the affected Class II, III, or IV school
10 district as contained in the petition. A map of the proposed Class
11 I school district and the affected Class II, III, or IV school
12 district which is identical to the map contained in the petitions
13 shall be prominently displayed at each polling place. The prorated
14 share of costs of such election shall be paid by the affected Class
15 II, III, or IV school district pursuant to sections 32-1201 to
16 32-1208. Only the registered voters of the affected Class II, III,
17 or IV school district may vote in such election.

18 Sec. 4. If a majority of the persons voting on the ballot
19 question submitted pursuant to section 3 of this act vote in favor
20 of creating the Class I school district described in the petition,
21 the State Committee for the Reorganization of School Districts
22 shall issue an order under section 6 of this act not more than
23 forty days following a primary election or before December 31
24 following a general election. The provisions of sections 79-492 to
25 79-495 relating to school district organization shall apply to such

1 Class I school district.

2 Sec. 5. A school district may not sell or otherwise
3 dispose of a building that is included in a plan, petition, and
4 ballot issue pursuant to sections 1 to 4 of this act unless
5 the plan, petition, or election pursuant to such sections is not
6 successful.

7 Residents of a school district may submit a letter
8 stating an intent to file a plan pursuant to sections 1 to 4 of
9 this act signed by not less than three registered voters residing
10 in the school district. The letter of intent must specify any
11 building to be included in such a plan and delivered to the
12 affected school district on or before June 30, 2007. The affected
13 school district may not sell or otherwise dispose of a building
14 that is specified in the letter of intent for sixty days after
15 receipt of such letter.

16 Sec. 6. The order of the State Committee for the
17 Reorganization of School Districts creating a new Class I school
18 district shall:

19 (1) Designate an effective date of the following July 1
20 for the creation of the new Class I school district;

21 (2) Contain the description of the proposed boundaries of
22 the new Class I school district and the affected Class II, III, or
23 IV school district and a map of such boundaries, as provided in the
24 plan approved pursuant to section 1 of this act;

25 (3) Affiliate the Class I school district with the

1 affected Class II, III, or IV school district;

2 (4) Provide a method for dividing the assets and
3 liabilities of the Class II, III, or IV school district between
4 the Class I school district and the Class II, III, or IV school
5 district as provided in such plan; and

6 (5) Appoint an initial school board of three residents of
7 the Class I school district who shall begin serving immediately and
8 who shall serve until the first annual meeting of the new Class I
9 school district.

10 Sec. 7. The State Department of Education shall recognize
11 a local system as defined in section 79-1003 consisting of a
12 Class II, III, or IV school district and the affiliated Class I
13 school district as a single Class II, III, or IV school district
14 for state aid, budgeting, accreditation, enrollment of students,
15 state programs, and reporting. The local system shall submit a
16 single report document for each of the reports required of school
17 districts pursuant to Chapter 79 and shall submit a single budget
18 document pursuant to the Nebraska Budget Act and sections 13-518 to
19 13-522.

20 The local system shall also have a single
21 collective-bargaining agreement, negotiated by the Class II, III,
22 or IV school district in such local system, covering all of the
23 teachers in the local system, with the financial responsibility
24 for providing compensation and benefits remaining with the school
25 district employing the teacher. For purposes of reduction in

1 force pursuant to sections 79-846 to 79-849, a teacher shall be
2 considered a teacher of the district employing such teacher, but
3 such teacher shall be given full credit for the years of teaching
4 experience in the local system and tenure or permanent status
5 rights if such teacher is hired by another school district in the
6 same local system.

7 Sec. 8. Upon the effective date of an order pursuant to
8 section 6 of this act creating a Class I school district, the
9 residents of any such Class I school district shall also be deemed
10 residents of the affiliated Class II, III, or IV school district
11 and deemed registered voters in both school districts. On and
12 after January 1, 2008, all new bonded indebtedness for such school
13 districts shall be voted on by registered voters of the entire
14 local system and the entire territory of the local system shall be
15 subject to taxation for repayment of such bonded indebtedness if
16 approved.

17 Sec. 9. The school board of a Class I school district
18 created pursuant to sections 1 to 8 of this act may vote to
19 dissolve such Class I school district by resolution of the board
20 with an effective date stated in the resolution of July 1 following
21 the adoption of the resolution or the following July 1. Such
22 resolution shall be delivered to the Class II, III, or IV school
23 district with which the Class I school district is affiliated
24 and to the State Committee for the Reorganization of School
25 Districts within ten days after its adoption by the board. The

1 state committee shall issue an order merging such Class I school
2 district into such Class II, III, or IV school district with the
3 effective date stated in the resolution.

4 Sec. 10. Section 23-3302, Revised Statutes Cumulative
5 Supplement, 2006, is amended to read:

6 23-3302 The county board of any county may contract with
7 the educational service unit of which it is a part, with a Class
8 II, III, IV, or V, ~~or VI~~ school district, or with an individual
9 who holds a Nebraska certificate to administer, to be a county
10 school administrator for Class I school districts in the county
11 and to perform other designated county educational activities. Any
12 contract entered into under this section shall not exceed a period
13 of one year. The county school administrator, with the approval
14 of the county board, shall have the authority to employ such
15 other persons as may be necessary to assist the county school
16 administrator in the performance of his or her duties.

17 Sec. 11. Section 32-570, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 32-570 (1) A vacancy in the membership of a school board
20 shall occur as set forth in section 32-560 or when a member is
21 absent from the district for a continuous period of sixty days at
22 one time or from more than two consecutive regular meetings of the
23 board unless excused by a majority of the remaining members of the
24 board.

25 (2) A person appointed to fill a vacancy on the school

1 board of a Class I school district by the remaining members of
2 the board shall hold office until the beginning of the next school
3 year. A board member of a Class I school district elected to fill a
4 vacancy at a regular or special school district meeting shall serve
5 for the remainder of the unexpired term or until a successor is
6 elected and qualified.

7 (3) Except as provided in subsection (4) of this section,
8 a vacancy in the membership of a school board of a Class II,
9 III, IV, or V ~~or VI~~ school district resulting from any cause
10 other than the expiration of a term shall be temporarily filled
11 by appointment of a qualified registered voter by the remaining
12 members of the board. A registered voter shall be nominated at
13 the next primary election and elected at the following general
14 election for the remainder of the unexpired term. A registered
15 voter appointed or elected pursuant to this subsection shall meet
16 the same requirements as the member whose office is vacant.

17 (4) Any vacancy in the membership of a school board of
18 a school district which does not nominate candidates at a primary
19 election and elect members at the following general election shall
20 be temporarily filled by appointment of a qualified registered
21 voter by the remaining members of the board. A registered voter
22 shall be nominated and elected to fill the vacancy for the
23 remainder of the term in the manner provided for nomination and
24 election of board members in the district.

25 (5) If any school board fails to fill a vacancy on the

1 board, the vacancy may be filled by election at a special election
2 or school district meeting called for that purpose. Such election
3 or meeting shall be called in the same manner and subject to
4 the same procedures as other special elections or school district
5 meetings.

6 (6) If there are vacancies in the offices of a majority
7 of the members of a school board, the Secretary of State shall
8 conduct a special school district election to fill such vacancies.

9 Sec. 12. Section 72-2304, Revised Statutes Cumulative
10 Supplement, 2006, is amended to read:

11 72-2304 (1) In addition to any other borrowing powers
12 provided for by law, a qualified public agency shall have the
13 power to issue its negotiable bonds to any joint entity as defined
14 in section 13-803 or to any joint public agency as defined in
15 section 13-2503 in connection with any joint project which is to be
16 owned, operated, or financed by the joint entity or joint public
17 agency for the benefit of the qualified public agency. The bonds
18 may be issued only if the second largest participant in the joint
19 project has a financial contribution in the joint project of at
20 least twenty-five percent of the debt service. Such bonds may be
21 issued after the qualified public agency has conducted a public
22 hearing on the issuance of bonds. Notice of such public hearing
23 shall be given by publication in a newspaper of general circulation
24 within the territory of the qualified public agency by at least
25 one publication occurring not less than ten days prior to the

1 time of hearing. After the public hearing, the governing body of
2 the qualified public agency may proceed to adopt a bond measure
3 authorizing bonds.

4 (2) Notice of any such bond measure shall be given by
5 publication of notice of intention to issue bonds in a newspaper
6 of general circulation within the territory of the qualified public
7 agency at least twice after the adoption of the bond measure. Such
8 publications shall be at least three weeks apart. The notice shall
9 state:

10 (a) The name of the qualified public agency;

11 (b) The purpose of the issue;

12 (c) The principal amount of the issue;

13 (d) The amount of annual debt service payment anticipated
14 for the bonds, which may be stated as an approximation or estimate,
15 and the anticipated duration for such debt service payments; and

16 (e) The time and place where a copy of the form of the
17 bond measure may be examined for a period of at least thirty days.

18 (3) No election shall be required prior to the issuance
19 of bonds under the Public Facilities Construction and Finance Act
20 unless, within sixty days after the first publication of the notice
21 of intention to issue bonds, a remonstrance petition against the
22 issuance of bonds is filed with the clerk or secretary of the
23 qualified public agency. Such remonstrance petition shall be signed
24 by registered voters of the qualified public agency equal in number
25 to at least five percent of the number of registered voters of the

1 qualified public agency at the time the remonstrance petition is
2 filed or at least the number of signatures listed in subsection
3 (5) of this section for the applicable qualified public agency,
4 whichever is less. If a remonstrance petition with the necessary
5 number of qualified signatures is timely filed, the question shall
6 be submitted to the voters of the qualified public agency at a
7 general election or a special election called for the purpose of
8 approving the bonds proposed to be issued. Any joint project for
9 which bonds are issued in accordance with the procedures of the act
10 shall not require any other approval or proceeding by the governing
11 body or the voters of the qualified public agency.

12 (4) No election shall be required for any qualified
13 public agency not issuing bonds to participate in such joint
14 project unless, within sixty days after the governing body of
15 the qualified public agency adopts the measure approving the
16 interlocal or cooperative agreement related to the joint project, a
17 remonstrance petition is filed with the clerk or secretary of the
18 qualified public agency. Such remonstrance petition shall be signed
19 by registered voters of the qualified public agency equal in number
20 to at least five percent of the number of registered voters of the
21 qualified public agency at the time the remonstrance petition is
22 filed or at least the number of signatures listed in subsection
23 (5) of this section for the applicable qualified public agency,
24 whichever is less. If a remonstrance petition with the necessary
25 number of qualified signatures is timely filed, the question shall

1 be submitted to the voters of the qualified public agency at a
 2 general election or a special election called for the purpose of
 3 approving the interlocal or cooperative agreement related to the
 4 joint project.

5 (5) The chart in this subsection provides the alternative
 6 number of signatures of registered voters of a qualified public
 7 agency which may be used to submit a remonstrance petition under
 8 subsection (3) or (4) of this section. The classification of
 9 counties in section 23-1114.01 applies for purposes of this
 10 section.

| 11 Qualified Public Agency | Number of Signatures |
|-----------------------------------|----------------------|
| 12 | of Registered Voters |
| 13 | |
| 14 City of the Metropolitan Class | 1500 |
| 15 City of the Primary Class | 1000 |
| 16 City of the First Class | 750 |
| 17 City of the Second Class | 250 |
| 18 Villages | 50 |
| 19 Municipal County | 1500 |
| 20 Class 7 County | 1500 |
| 21 Class 6 County | 1000 |
| 22 Class 5 County | 750 |
| 23 Class 4 County | 500 |
| 24 Class 3 County | 250 |

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|----|-------------------------------------|------|
| 1 | Class 2 County | 100 |
| 2 | Class 1 County | 50 |
| 3 | Class VI School District | 250 |
| 4 | Class V School District | 1500 |
| 5 | Class IV School District | 1000 |
| 6 | Class III School District | 500 |
| 7 | Class II School District | 250 |
| 8 | Class I School District | 250 |
| 9 | Educational Service Unit | 250 |
| 10 | Community College Area | 1500 |
| 11 | Fire Protection District | 500 |
| 12 | Hospital District | 500 |
| 13 | Sanitary and Improvement District | 500 |

14 Sec. 13. Section 79-102, Revised Statutes Cumulative
15 Supplement, 2006, as affected by Referendum 2006, No. 422, is
16 amended to read:

17 79-102 School districts in this state are classified as
18 follows:

19 (1) Class I includes any school district that maintains
20 only elementary grades under the direction of a single school
21 board;

22 (2) Class II includes any school district embracing
23 territory having a population of one thousand inhabitants or less
24 that maintains both elementary and high school grades under the

1 direction of a single school board;

2 (3) Class III includes any school district embracing
3 territory having a population of more than one thousand and less
4 than one hundred fifty thousand inhabitants that maintains both
5 elementary and high school grades under the direction of a single
6 school board;

7 (4) Class IV includes any school district embracing
8 territory having a population of one hundred thousand or more
9 inhabitants with a city of the primary class within the territory
10 of the district that maintains both elementary and high school
11 grades under the direction of a single school board; and

12 (5) Class V includes any school district whose employees
13 participate in a retirement system established pursuant to the
14 Class V School Employees Retirement Act and which embraces
15 territory having a city of the metropolitan class within the
16 territory of the district that maintains both elementary grades and
17 high school grades under the direction of a single school board and
18 any school district with territory in a city of the metropolitan
19 class created pursuant to the Learning Community Reorganization Act
20 and designated as a Class V school district in the reorganization
21 plan. and

22 ~~(6) Class VI includes any school district in this state~~
23 ~~that maintains only a high school, or a high school and grades~~
24 ~~seven and eight or six through eight as provided in section 79-411,~~
25 ~~under the direction of a single school board.~~

1 Sec. 14. Section 79-234, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 79-234 (1) An enrollment option program is hereby
4 established to enable any kindergarten through twelfth grade
5 Nebraska student to attend a school in a Nebraska public school
6 district in which the student does not reside subject to the
7 limitations prescribed in section 79-238. The option shall be
8 available only once to each student prior to graduation unless (a)
9 the student relocates in a different resident school district, (b)
10 the option school district merges with another district, or (c) the
11 option school district is a Class I district. The option student
12 shall be given the option to attend school in another district at
13 the time of relocation or merger, upon completion of the grades
14 offered at the Class I district immediately preceding the merger if
15 the original option school district was a Class I district that
16 merged with another district, or upon completion of the grades
17 offered at the Class I district if the option school district is a
18 Class I district that has not merged with another district.

19 (2) The program shall not apply to (a) any student
20 who resides in a Class I district which has not affiliated and
21 which contracts or has contracted in either or both of the two
22 prior school years with another district or districts in such
23 student's grade level pursuant to section 79-598 or (b) any student
24 who resides in a district which has entered into an annexation
25 agreement pursuant to section 79-473, except that such student may

1 transfer to another district which accepts option students.

2 Sec. 15. Section 79-401, Revised Statutes Cumulative
3 Supplement, 2006, as affected by Referendum 2006, No. 422, is
4 amended to read:

5 79-401 The Legislature finds and declares that orderly
6 and appropriate reorganization of school districts may contribute
7 to the objectives of tax equity, educational effectiveness, and
8 cost efficiency. The Legislature further finds that there is a
9 need for greater flexibility in school reorganization options and
10 procedures. It is the intent of the Legislature to encourage an
11 orderly and appropriate reorganization of school districts. The
12 Legislature establishes as its goals for the reorganization of
13 school districts that:

14 (1) All real property and all elementary and secondary
15 students should be within school systems which offer education in
16 grades kindergarten through twelve; ~~For purposes of meeting this~~
17 ~~goal, Class I and Class VI school district combinations shall be~~
18 ~~considered as including all real property and all elementary and~~
19 ~~secondary students within a school district which offers education~~
20 ~~in kindergarten through grade twelve;~~

21 (2) School districts offering education in kindergarten
22 through grade twelve should be encouraged, when possible, to
23 consider cooperative programs in order to enhance educational
24 opportunities to students; and

25 (3) The State Department of Education in conjunction

1 with the Bureau of Educational Research and Field Studies in
2 the Department of Education Administration at the University of
3 Nebraska-Lincoln should be encouraged to offer greater technical
4 assistance to school districts which are considering reorganization
5 options.

6 Sec. 16. Section 79-402, Revised Statutes Cumulative
7 Supplement, 2006, as affected by Referendum 2006, No. 422, is
8 amended to read:

9 79-402 (1) By July 1, 1993, all taxable property and
10 all elementary and high school students shall be in school systems
11 which offer education in grades kindergarten through twelve. For
12 purposes of meeting such requirement, a ~~Class I district or portion~~
13 ~~thereof which is part of a Class VI district and a Class I district~~
14 ~~or portion thereof~~ affiliated with ~~one or more~~ a Class II, III,
15 or IV, ~~or V districts~~ district shall be considered to include all
16 taxable property and all elementary and high school students within
17 a school system which offers education in grades kindergarten
18 through twelve.

19 (2) Effective July 1, 1993, with the full implementation
20 of section 79-1077, the Legislature will have attained its school
21 reorganization goals for Class I districts as described in section
22 79-401.

23 Sec. 17. Section 79-403, Revised Statutes Cumulative
24 Supplement, 2006, as affected by Referendum 2006, No. 422, is
25 amended to read:

1 79-403 ~~(1)~~ Except as provided in subsections ~~(2)~~ and
2 ~~(3)~~ of this section, sections 1 to 9 of this act, no new school
3 district shall be created unless such district provides instruction
4 in kindergarten through grade twelve.

5 ~~(2)~~ A new Class VI school district may be created if:

6 ~~(a)~~ Such Class VI school district will include at least
7 two or more previously existing Class II or Class III school
8 districts, except that if a reorganization petition for formation
9 of a Class VI school district is initiated by a petition signed by
10 fifty-five percent of the legal voters of a Class II or III school
11 district, then such Class VI school district may include only one
12 Class II or III school district, and

13 ~~(b)~~ The enrollment of the new Class VI school district
14 is ~~(i)~~ at least one hundred twenty-five pupils if the district
15 offers instruction in grades nine through twelve, ~~(ii)~~ at least one
16 hundred seventy-five pupils if the district offers instruction in
17 grades seven through twelve, or ~~(iii)~~ at least two hundred students
18 if the district offers instruction in grades six through twelve,
19 except that if such district will have population density of less
20 than three persons per square mile, then the enrollment shall be
21 at least seventy-five students if the district offers instruction
22 in grades nine through twelve, at least one hundred students if
23 the district offers instruction in grades seven through twelve, or
24 at least one hundred twenty-five students if the district offers
25 instruction in grades six through twelve.

1 ~~(3) One or more new Class I districts may be created as~~
 2 ~~a part of a reorganization petition pursuant to subsection (2) of~~
 3 ~~this section.~~

4 Sec. 18. Section 79-413, Revised Statutes Cumulative
 5 Supplement, 2006, as affected by Referendum 2006, No. 422, is
 6 amended to read:

7 79-413 (1) The State Committee for the Reorganization of
 8 School Districts created under section 79-435 may create a new
 9 Class II, III, or IV school district from other districts, or
 10 change the boundaries of any Class II, III, or IV district that
 11 is not a member of a learning community, or affiliate a Class I
 12 district or portion thereof with one or more existing Class II,
 13 III, IV, or V districts upon receipt of petitions signed by sixty
 14 percent of the legal voters of each district affected. If the
 15 petitions contain signatures of at least sixty-five percent of the
 16 legal voters of each district affected, the state committee shall
 17 approve the petitions. When area is added to a Class VI district
 18 or when a Class I district which is entirely or partially within a
 19 Class VI district is taken from the Class VI district, the Class VI
 20 district shall be deemed to be an affected district.

21 Any petition of the legal voters of a Class I district
 22 in which no city or village is situated which is commenced after
 23 January 1, 1996, and proposes the dissolution of the Class I
 24 district and the attachment of a portion of it to two or more
 25 districts shall require signatures of more than fifty percent of

1 the legal voters of such Class I district. If the state committee
2 determines that such petition contains valid signatures of more
3 than fifty percent of the legal voters of such Class I district,
4 the state committee shall grant the petition.

5 ~~(2)(a)~~ Petitions proposing to change the boundaries of
6 existing school districts that are not members of a learning
7 community through the transfer of a parcel of land, not to exceed
8 six hundred forty acres, shall be approved by the state committee
9 when the petitions involve the transfer of land between Class I,
10 II, III, or IV school districts or when there would be an exchange
11 of parcels of land between Class I, II, III, or IV school districts
12 and the petitions have the approval of at least sixty-five percent
13 of the school board of each affected district. If the transfer of
14 the parcel of land is from a Class I school district to one or more
15 Class II, III, IV, V, or VI school districts of which the parcel is
16 not a part or with which the parcel is not affiliated, any Class
17 II, III, IV, V, or VI school district of which the parcel is not
18 a part or with which the parcel is affiliated shall be deemed an
19 affected district.

20 ~~(b)~~ The state committee shall not approve a change of
21 boundaries pursuant to this section relating to affiliation of
22 school districts if twenty percent or more of any tract of land
23 under common ownership which is proposing to affiliate is not
24 contiguous to the high school district with which affiliation is
25 proposed unless ~~(i)~~ one or more resident students of the tract of

1 land under common ownership has attended the high school program of
2 the high school district within the immediately preceding ten-year
3 period or (ii) approval of the petition or plan would allow
4 siblings of such resident students to attend the same school as the
5 resident students attended.

6 ~~(3)(a) Petitions~~ (2)(a) A petition proposing to create a
7 new Class II, III, or IV school district, or to change the boundary
8 lines of existing Class II, III, or IV school districts that are
9 not members of a learning community, ~~to create an affiliated school~~
10 ~~system, or to affiliate a Class I district in part and to join~~
11 ~~such district in part with a Class VI district, any either of which~~
12 involves the transfer of more than six hundred forty acres, shall,
13 when signed by at least sixty percent of the legal voters in each
14 district affected, be submitted to the state committee. ~~In the case~~
15 ~~of a petition for affiliation or a petition to affiliate in part~~
16 ~~and in part to join a Class VI district, the state committee shall~~
17 ~~review the proposed affiliation subject to sections 79-425 and~~
18 ~~79-426.~~ The state committee shall, within forty days after receipt
19 of the petition, hold one or more public hearings and review and
20 approve or disapprove such proposal.

21 (b) The state committee shall also review and approve or
22 disapprove incentive payments under section 79-1010.

23 (c) If there is a bond election to be held in conjunction
24 with the petition, the state committee shall hold the petition
25 until the bond election has been held, during which time names may

1 be added to or withdrawn from the petitions. The results of the
2 bond election shall be certified to the state committee.

3 (d) If the bond election held in conjunction with the
4 petition is unsuccessful, no further action on the petition is
5 required. If the bond election is successful, within fifteen days
6 after receipt of the certification of the bond election results,
7 the state committee shall approve the petition and notify the
8 county clerk to effect the changes in district boundary lines as
9 set forth in the petitions.

10 ~~(4)~~ (3) Any person adversely affected by the changes made
11 by the state committee may appeal to the district court of any
12 county in which the real estate or any part thereof involved in
13 the dispute is located. If the real estate is located in more than
14 one county, the court in which an appeal is first perfected shall
15 obtain jurisdiction to the exclusion of any subsequent appeal.

16 ~~(5)~~ (4) A signing petitioner may withdraw his or her name
17 from a petition and a legal voter may add his or her name to
18 a petition at any time prior to the end of the period when the
19 petition is held by the state committee. Additions and withdrawals
20 of signatures shall be by notarized affidavit filed with the state
21 committee.

22 Sec. 19. Section 79-415, Revised Statutes Cumulative
23 Supplement, 2006, as affected by Referendum 2006, No. 422, is
24 amended to read:

25 79-415 ~~(1)~~ In addition to the petitions of legal voters

1 pursuant to section 79-413, changes in boundaries and the creation
 2 of a new Class II, III, or IV school district from other districts
 3 may be initiated and accepted by the school board or board of
 4 education of any district that is not a member of a learning
 5 community.

6 ~~(2) In addition to the petitions of legal voters pursuant~~
 7 ~~to section 79-413, the affiliation of a Class I district or portion~~
 8 ~~thereof with one or more Class II, III, IV, or V districts may be~~
 9 ~~initiated and accepted by:~~

10 ~~(a) The board of education of any Class II, III, IV, or V~~
 11 ~~district, and~~

12 ~~(b) The school board of any Class I district in which is~~
 13 ~~located a city or incorporated village.~~

14 Sec. 20. Section 79-416, Revised Statutes Cumulative
 15 Supplement, 2006, as affected by Referendum 2006, No. 422, is
 16 amended to read:

17 79-416 When the legal voters of a Class I ~~or~~ Class II
 18 school district that is not a member of a learning community and
 19 in which no city or village is located petition to merge in whole
 20 or in part with a Class I ~~or~~ another Class II district, the merger
 21 may be accepted by petition of the school board of the accepting
 22 district. When the legal voters of a Class I district petition
 23 to affiliate in whole or in part with one or more Class II, III,
 24 IV, or V districts, such affiliation may be accepted or rejected
 25 by petition of the school board or board of education of any such

1 ~~district, but in either case the petition to affiliate shall be~~
2 ~~accepted or rejected within sixty days after the date of receipt~~
3 ~~of the petition by the school board or board of education of such~~
4 ~~district.~~

5 Sec. 21. Section 79-418, Revised Statutes Cumulative
6 Supplement, 2006, as affected by Referendum 2006, No. 422, is
7 amended to read:

8 79-418 Petitions presented pursuant to sections 79-415
9 ~~to 79-417~~ and 79-416 shall be subject to the same requirements
10 for content, hearings, notice, review, and appeal as petitions
11 submitted pursuant to section 79-413, except that a petition
12 presented pursuant to section 79-415 shall not become effective
13 unless it is approved by a vote of a majority of the members of
14 the State Committee for the Reorganization of School Districts. Any
15 person adversely affected by the disapproval shall have the right
16 of appeal under section 79-413.

17 Sec. 22. Section 79-419, Revised Statutes Cumulative
18 Supplement, 2006, as affected by Referendum 2006, No. 422, is
19 amended to read:

20 79-419 (1) When a new Class II, III, or IV district is to
21 be created from other districts as provided in section 79-413, the
22 petition shall contain:

23 (a) A description of the proposed boundaries of the
24 reorganized districts;

25 (b) A summary of the terms on which reorganization is to

1 be made between the reorganized districts, which terms may include
2 a provision for initial school board districts or wards within the
3 proposed district for the appointment of the first school board
4 and also for the first election as provided in section 79-451,
5 which proposed initial school board districts or wards shall be
6 determined by the State Committee for the Reorganization of School
7 Districts taking into consideration population and valuation, and a
8 determination of the terms of the board members first appointed to
9 membership of the board of the newly reorganized district;

10 (c) A map showing the boundaries of established school
11 districts and the boundaries proposed under any plan or plans of
12 reorganization;

13 (d) A separate statement as to whether the reorganization
14 is contingent upon the success of a bond election held in
15 conjunction with the reorganization;

16 (e) An affidavit from the county clerk or election
17 commissioner regarding the validity of the signatures on the
18 petition; and

19 (f) Such other matters as the petitioners determine
20 proper to be included. ~~Any petition for the creation of a new Class~~
21 ~~VI district shall designate whether such district shall include~~
22 ~~high school grades only, grades seven through twelve, or grades six~~
23 ~~through twelve.~~

24 (2) A petition under subsection (1) of this section
25 may contain provisions for the holding of school within existing

1 buildings in the newly reorganized district and that a school
2 constituted under this section shall be maintained from the date of
3 reorganization unless the legal voters served by the school vote by
4 a majority vote for discontinuance of the school.

5 Sec. 23. Section 79-423, Revised Statutes Cumulative
6 Supplement, 2006, as affected by Referendum 2006, No. 422, is
7 amended to read:

8 79-423 In Class I, II, III, and IV, and VI school
9 districts, school district boundaries may comprise all or any part
10 of a precinct or ward in any county or counties, and every legal
11 voter of the school district shall be entitled to vote at any
12 school district meeting or school district election.

13 Sec. 24. Section 79-431, Revised Statutes Cumulative
14 Supplement, 2006, as affected by Referendum 2006, No. 422, is
15 amended to read:

16 79-431 (1) Any Class I school district which is part of a
17 Class VI district or districts or any Class I district or portion
18 thereof which is affiliated or affiliated in part and also part of
19 a Class VI district or districts and which (a) becomes subject to
20 dissolution pursuant to section 79-470, 79-498, or 79-598 or (b)
21 otherwise dissolves, unless otherwise prescribed in the affiliation
22 petition, shall be merged with another affiliated Class I district,
23 be merged with a Class II, III, IV, or V district, or be merged
24 with a Class I district which is part of a Class VI district
25 or districts. Any such district or portion thereof which fails

1 to comply with this subsection shall be dissolved and attached
2 to an existing Class II, III, IV, or V district the Class II,
3 III, or IV district with which the Class I school district is
4 affiliated by the State Committee for the Reorganization of School
5 Districts, under section 79-498. Any such district or portion
6 thereof which was affiliated shall retain its original affiliation,
7 and any portion of such district which was part of a Class VI
8 district shall remain part of such Class VI district. Any school
9 district which fails to comply with the provisions of subsection
10 (1) of section 79-402 shall be dissolved by the state committee and
11 attached to an existing Class II, III, IV, or V district.

12 (2) A Class II, III, or IV, or V district which becomes
13 a Class I district pursuant to section 79-472 or any other state
14 law shall merge with a Class II, III, IV, or V district, affiliate
15 with one or more a contiguous Class II, III, or IV district.
16 or V districts, become part of one or more Class VI districts,
17 or affiliate in part with one or more Class II, III, IV, or
18 V districts and in part become part of one or more Class VI
19 districts.

20 (3) If an affiliated Class II, III, or IV, or V district
21 dissolves, unless otherwise stated in the affiliation petition,
22 any portions of a any Class I district that are affiliated with
23 such district may affiliate with another Class II, III, IV, or V
24 district, merge with any Class I, II, III, IV, or V district, or
25 become part of a Class VI district. shall also be dissolved in the

1 dissolution order of the state committee.

2 ~~(4) If a Class VI district dissolves, any Class I~~
3 ~~district or portions thereof which are part of such district may~~
4 ~~affiliate with a Class II, III, IV, or V district, merge with any~~
5 ~~Class I, II, III, IV, or V district, or become part of another~~
6 ~~Class VI district.~~

7 Sec. 25. Section 79-433, Revised Statutes Cumulative
8 Supplement, 2006, as affected by Referendum 2006, No. 422, is
9 amended to read:

10 79-433 For purposes of the Reorganization of School
11 Districts Act, unless the context otherwise requires:

12 (1) Reorganization of school districts means the
13 formation of new school districts, the alteration of boundaries of
14 established school districts that are not members of a learning
15 community, ~~the affiliation of school districts,~~ and the dissolution
16 or disorganization of established school districts through or by
17 means of any one or combination of the methods set out in section
18 79-434; and

19 (2) State committee means the State Committee for the
20 Reorganization of School Districts created by section 79-435.

21 Sec. 26. Section 79-434, Revised Statutes Cumulative
22 Supplement, 2006, as affected by Referendum 2006, No. 422, is
23 amended to read:

24 79-434 Reorganization of school districts may be
25 accomplished through or by means of any one or more of the

1 following methods: (1) The creation of new districts; (2) the
2 uniting of one or more established districts; (3) the subdivision
3 of one or more established districts; (4) the transfer and
4 attachment to an established district of a part of the territory
5 of one or more districts; and (5) the affiliation of a Class I
6 district or portion thereof with one or more Class II, III, IV, or
7 V districts; ~~(6) the changing of boundaries of a Class VI district;~~
8 ~~and (7) the dissolution or disorganization of an established~~
9 district for any of the reasons specified by law.

10 Sec. 27. Section 79-443, Revised Statutes Cumulative
11 Supplement, 2006, as affected by Referendum 2006, No. 422, is
12 amended to read:

13 79-443 After one or more public hearings have been held,
14 the state committee may approve a plan or plans of reorganization.
15 Such plan shall contain:

16 (1) A description of the proposed boundaries of the
17 reorganized districts;

18 (2) A summary of the reasons for each proposed change,
19 realignment, or adjustment of the boundaries; ~~_. If such plan~~
20 ~~provides for the creation of a new Class VI district, it shall~~
21 ~~designate whether such district shall include high school grades~~
22 ~~only or be known as a Class VI junior-senior high school district~~
23 ~~as described in section 79-411;~~

24 (3) A summary of the terms on which reorganization is to
25 be made between the reorganized districts. Such terms shall include

1 a provision for initial school board districts or wards within the
2 proposed district, which proposed initial school board districts
3 or wards shall be determined by the state committee taking into
4 consideration population and valuation, and a determination of the
5 terms of the board members first appointed to membership on the
6 board of the newly reorganized district;

7 (4) A separate statement as to whether the reorganization
8 is contingent upon the success of a bond election held in
9 conjunction with the reorganization;

10 (5) A statement of the findings with respect to the
11 location of schools, the utilization of existing buildings, the
12 construction of new buildings, and the transportation requirements
13 under the proposed plan of reorganization. The plan may contain
14 provisions for the holding of school within existing buildings in
15 the newly reorganized district and that a school constituted under
16 this section shall be maintained from the date of reorganization
17 unless the legal voters served by the school vote by a majority
18 vote for discontinuance of the school;

19 (6) A map showing the boundaries of established school
20 districts and the boundaries proposed under any plan or plans of
21 reorganization; and

22 (7) Such other matters as the state committee determines
23 proper to be included.

24 Sec. 28. Section 79-447, Revised Statutes Cumulative
25 Supplement, 2006, as affected by Referendum 2006, No. 422, is

1 amended to read:

2 79-447 (1) Not less than thirty nor more than sixty
3 days after the designation of a final approved plan under
4 section 79-446, the proposition of the adoption or rejection
5 of the proposed plan of reorganization shall be submitted at a
6 special election to all the legal voters of districts within the
7 county whose boundaries are in any manner changed by the plan
8 of reorganization. ~~including the boundaries of Class VI school
9 districts if such plan includes a Class I school district which is
10 entirely within a Class VI school district.~~

11 (2) Notice of the special election shall be given by the
12 county clerk or election commissioner and shall be published in a
13 legal newspaper of general circulation in the county at least ten
14 days prior to the election. The election notice shall (a) state
15 that the election has been called for the purpose of affording
16 the legal voters an opportunity to approve or reject the plan of
17 reorganization, (b) contain a description of the boundaries of the
18 proposed district, and (c) contain a statement of the terms of the
19 adjustment of property, debts, and liabilities applicable thereto.

20 (3) All ballots shall be prepared and the special
21 election shall be held and conducted by the county clerk or
22 election commissioner, and the expense of such election shall
23 be paid by the county board or boards if more than one county
24 is involved as provided in subsection (4) of this section. The
25 county clerk or election commissioner shall use the duly appointed

1 election board or appoint two judges and two clerks who shall be
2 legal voters of the territory of the proposed school district. The
3 election shall be held at a place or places within the proposed
4 district determined by the county clerk or election commissioner to
5 be convenient for the voters.

6 (4) If the proposed plan of reorganization involves a
7 district under the jurisdiction of another county, the county
8 clerk or election commissioner of the county which has the largest
9 number of pupils residing in the proposed joint district shall
10 give the notice required by subsection (2) of this section in a
11 newspaper of general circulation in the territory of the proposed
12 district and prepare the ballots and such election shall be held
13 and conducted by the county clerk or election commissioner of each
14 county involved in the proposed reorganization in accordance with
15 the Election Act. Each county board shall bear a share of the total
16 election expense in the same proportion that the number of legal
17 voters residing in the proposed district in one county stands to
18 the whole number of legal voters in the proposed district.

19 (5) In any election held as provided in this section, all
20 districts of like class shall vote as a unit, except that Class
21 I school districts within the boundaries of which are located an
22 incorporated village or city shall constitute a separate voting
23 unit and Class I school districts which do not have within their
24 boundaries an incorporated village or city shall constitute a
25 separate voting unit.

1 (6) Approval of the plan at the special election shall
2 require a majority of all legal voters voting within each voting
3 unit included in the proposed plan.

4 Sec. 29. Section 79-452, Revised Statutes Cumulative
5 Supplement, 2006, as affected by Referendum 2006, No. 422, is
6 amended to read:

7 79-452 A proposal to dissolve a Class I ~~or~~ II school
8 district, ~~except a Class I school district which is partly or~~
9 ~~wholly within a Class VI school district,~~ and attach it to one or
10 more existing Class II, III, or IV school districts that are not
11 members of a learning community may be initiated by filing with
12 the State Committee for the Reorganization of School Districts a
13 petition or petitions signed by at least twenty-five percent of the
14 legal voters of the district, together with an affidavit from the
15 county clerk or election commissioner listing all legal voters of
16 the district and a determination by the county clerk or election
17 commissioner that the signatures are sufficient. The petition shall
18 contain a plan of the proposed reorganization, an effective date,
19 and a statement whether any existing bonded indebtedness shall
20 remain on the property of the district which incurred it or be
21 assumed by the enlarged district. The petition may also contain
22 provisions for the holding of school within existing buildings
23 in the proposed reorganized district, and when so provided, the
24 holding of school within such buildings shall be maintained from
25 the date of reorganization unless either the legal voters served by

1 the school or the school board of the reorganized district votes
2 by a majority vote for discontinuance of the school. In case of
3 conflicting votes between the legal voters and the school board
4 on such issue, the decision of the legal voters shall prevail.
5 A signing petitioner shall not be permitted to withdraw his or
6 her name from the petition after the petition has been filed.
7 The school board of each Class II, III, or IV district to which
8 the merger is proposed shall also submit to the state committee
9 a statement to the effect that a majority of the board members
10 approve the proposal contained in the petition.

11 Sec. 30. Section 79-454, Revised Statutes Cumulative
12 Supplement, 2006, as affected by Referendum 2006, No. 422, is
13 amended to read:

14 79-454 If the proposal provided for in section 79-452
15 has been approved by the State Committee for the Reorganization
16 of School Districts, the state committee shall notify the school
17 board of the Class I ~~or~~ II district. The school board shall, within
18 fifteen days after the notification, set a date for a special
19 election for the purpose of submitting the proposal to the legal
20 voters of the district. At least twenty days' notice of such
21 election shall be given by publication twice in a newspaper of
22 general circulation in the district, the latest publication to be
23 not more than one week before the election. If there is no such
24 newspaper, notice shall be given by posting it on the door of the
25 schoolhouse and at least four other public places throughout the

1 district. The proposal shall not be submitted to a special election
2 more than once in any calendar year. Legal voters may cast their
3 ballots, written or printed, between the hours of 12 noon and 8
4 p.m. on the date of such election. The county clerk or election
5 commissioner of the county which has the largest number of pupils
6 residing in the district shall conduct such special election in
7 accordance with the Election Act and shall record the names and
8 residence of persons voting at the special election. The ballots
9 shall be canvassed as provided in section 79-447.

10 Sec. 31. Section 79-455, Revised Statutes Cumulative
11 Supplement, 2006, as affected by Referendum 2006, No. 422, is
12 amended to read:

13 79-455 If the proposal provided for in section 79-452 is
14 approved by a majority of the legal voters of the school district
15 voting on the matter, the secretary of the school board shall
16 within five days certify the approval to the county clerk. The
17 county clerk shall immediately notify the secretary of each Class
18 II, III, or IV, ~~or V~~ district affected of the action taken by
19 the Class ~~or~~ II district, and such secretary shall within ten
20 days certify to the county clerk that the school board of the
21 Class II, III, or IV, ~~or V~~ district has, by a majority vote,
22 officially approved the proposal as provided in section 79-452.
23 The county clerk shall issue an order effecting the changes in
24 school district boundaries in accordance with the proposal provided
25 in section 79-452. He or she shall also file certificates with

1 the county assessor, county treasurer, and State Committee for
2 the Reorganization of School Districts showing the changes. An
3 appeal may be taken from such order within twenty days after the
4 rendition of the order in the same manner as appeals are taken
5 from the action of the county board in allowing or disallowing
6 claims against the county. Such appeal shall be filed in the
7 district court for the county whose county clerk has jurisdiction
8 of the Class I ~~or~~ II district. When more than one county clerk has
9 jurisdiction of the Class I ~~or~~ II district, the appeal may be filed
10 in the district court for either of the counties.

11 Sec. 32. Section 79-470, Revised Statutes Cumulative
12 Supplement, 2006, as affected by Referendum 2006, No. 422, is
13 amended to read:

14 79-470 (1) No Class I school district ~~which contracts~~
15 shall contract for the instruction of all of its pupils ~~with a~~
16 ~~Class I, II, III, IV, or V school district shall merge with another~~
17 ~~Class I school district unless such other Class I school district~~
18 ~~with which it is merging is included in the area which makes up a~~
19 ~~Class VI school district.~~

20 (2) No Class II, III, IV, or V school district shall
21 contract for the instruction of all of its pupils with a Class II,
22 III, IV, or V school district for more than two consecutive years.

23 (3) The State Committee for the Reorganization of School
24 Districts shall dissolve and attach to a neighboring school
25 district or districts any Class II, III, or IV school district

1 which, for two consecutive years, contracts for the instruction of
2 all of its pupils with a Class II, III, IV, or V school district.

3 (4) The dissolution of any school district pursuant to
4 this section shall be effected in the manner prescribed in section
5 79-498. When such dissolution would create extreme hardships on
6 the pupils or the school district affected, the State Board of
7 Education may, on application by the school board of the school
8 district, waive the dissolution of the school district on an annual
9 basis.

10 (5) Nothing in this section shall be construed as an
11 extension of the limitations on contracting for the instruction of
12 the pupils of a school district contained in section 79-598.

13 Sec. 33. Section 79-472, Revised Statutes Cumulative
14 Supplement, 2006, as affected by Referendum 2006, No. 422, is
15 amended to read:

16 79-472 (1)(a) If a Class II school district, by a vote
17 of fifty-five percent of the legal voters voting at a special
18 meeting, decides to discontinue and close the high school, the
19 school district shall become an affiliated Class I school district
20 on the date designated by such legal voters. ~~Affiliation shall~~
21 ~~be accomplished pursuant to sections 79-413 to 79-427.~~ At such
22 meeting a decision shall be made as to when the new school board
23 shall be elected and whether the board shall consist of three
24 members or six members. No new Class I school district shall
25 establish a six-member board unless the school district contains

1 a minimum of one hundred fifty children who are five through
2 twenty years of age. The school board of the existing Class
3 II school district shall remain in office until the effective
4 date for the formation of the new Class I school district. The
5 school board of the Class II school district shall notify the
6 State Committee for the Reorganization of School Districts of such
7 actions within thirty days after the vote. The state committee
8 shall, within sixty days after receiving such notification, issue
9 an order reclassifying such Class II school district as a Class I
10 school district, affiliating the new Class I school district with a
11 Class II, III, or IV school district with which the Class I school
12 district is contiguous, and designating the effective date of the
13 reclassification.

14 (b) If the new school board is to consist of three
15 members, such members shall be elected at the time of the vote
16 to change from a Class II school district to a Class I school
17 district or at a special meeting held not less than thirty days
18 prior to the effective date of the change from a Class II school
19 district to a Class I school district. At the special meeting, a
20 treasurer shall be elected for a term of one year, a secretary for
21 a term of two years, and a president for a term of three years, and
22 their successors shall be elected for terms of three years each.
23 All officers so elected shall hold their offices until successors
24 are elected and qualified. After such change becomes effective,
25 the school district and its officers shall have the powers of and

1 be governed by the provisions of law applicable to Class I school
2 districts.

3 (c) If the new school board is to consist of six members,
4 such members shall be elected after the vote to change from a Class
5 II school district to a Class I school district. The procedure for
6 electing board members shall be as prescribed in section 32-541 or
7 as prescribed in subsection (3) of section 79-565, except that such
8 election may be held at any annual school meeting or at a special
9 school meeting called for the purpose of electing school district
10 officers.

11 (2) No school district may change from Class I to Class
12 II unless that school district has an enrollment of not less than
13 one hundred pupils in grades nine through twelve. This subsection
14 shall not apply to any school district located on an Indian
15 reservation and substantially or totally financed by the federal
16 government.

17 Sec. 34. Section 79-473, Revised Statutes Cumulative
18 Supplement, 2006, as affected by Referendum 2006, No. 422, is
19 amended to read:

20 79-473 (1) If the territory annexed by a change of
21 boundaries of a city or village which lies within a Class III
22 school district as provided in section 79-407 has been part of a
23 Class IV or Class V school district prior to such annexation, a
24 merger of the annexed territory with the Class III school district
25 shall become effective only if the merger is approved by a majority

1 of the members of the school board of the Class IV or V school
2 district and a majority of the members of the school board of the
3 Class III school district within ninety days after the effective
4 date of the annexation ordinance, except that a merger shall not
5 become effective pursuant to this section if such merger involves a
6 school district that is a member of a learning community.

7 (2) Notwithstanding subsection (1) of this section, when
8 territory which lies within a Class III school district, ~~Class VI~~
9 ~~school district, or Class I school district which is attached to a~~
10 ~~Class VI school district~~ or which does not lie within a Class IV
11 or V school district is annexed by a city or village pursuant to
12 section 79-407, the affected school board of the city or village
13 school district and the affected school board or boards serving
14 the territory subject to the annexation ordinance shall meet within
15 thirty days after the effective date of the annexation ordinance
16 if neither school district is a member of a learning community and
17 negotiate in good faith as to which school district shall serve the
18 annexed territory and the effective date of any transfer. During
19 the process of negotiation, the affected boards shall consider the
20 following criteria:

21 (a) The educational needs of the students in the affected
22 school districts;

23 (b) The economic impact upon the affected school
24 districts;

25 (c) Any common interests between the annexed or platted

1 area and the affected school districts and the community which has
2 zoning jurisdiction over the area; and

3 (d) Community educational planning.

4 If no agreement has been reached within ninety days after
5 the effective date of the annexation ordinance, the territory shall
6 transfer to the school district of the annexing city or village
7 ten days after the expiration of such ninety-day period unless an
8 affected school district petitions the district court within the
9 ten-day period and obtains an order enjoining the transfer and
10 requiring the boards of the affected school districts to continue
11 negotiation. The court shall issue the order upon a finding that
12 the affected board or boards have not negotiated in good faith
13 based on one or more of the criteria listed in this subsection. The
14 district court shall require no bond or other surety as a condition
15 for any preliminary injunctive relief. If no agreement is reached
16 after such order by the district court and additional negotiations,
17 the annexed territory shall become a part of the school district of
18 the annexing city or village.

19 ~~(3) If, within the boundaries of the annexed territory,~~
20 ~~there exists a Class VI school, the school building, facilities,~~
21 ~~and land owned by the school district shall remain a part of~~
22 ~~the Class VI school district. If the Class VI school district~~
23 ~~from which territory is being annexed wishes to dispose of such~~
24 ~~school building, facilities, or land to any individual or political~~
25 ~~subdivision, including a Class I school district, the question of~~

1 ~~such disposition shall be placed on the ballot for the next primary~~
2 ~~or general election. All legal voters of such Class VI school~~
3 ~~district shall then vote on the question at such election. A simple~~
4 ~~majority of the votes cast shall resolve the issue.~~

5 ~~(4)~~ (3) Whenever an application for approval of a final
6 plat or replat is filed for territory which lies within the zoning
7 jurisdiction of a city of the first or second class and does not
8 lie within the boundaries of a Class IV or V school district, the
9 boundaries of a school district that is a member of a learning
10 community, the boundaries of any county in which a city of the
11 metropolitan class is located, or the boundaries of any county that
12 has a contiguous border with a city of the metropolitan class, the
13 affected school board of the school district within the city of
14 the first or second class or its representative and the affected
15 board or boards serving the territory subject to the final plat or
16 replat or their representative shall meet within thirty days after
17 such application and negotiate in good faith as to which school
18 district shall serve the platted or replatted territory and the
19 effective date of any transfer based upon the criteria prescribed
20 in subsection (2) of this section.

21 If no agreement has been reached prior to the approval
22 of the final plat or replat, the territory shall transfer to the
23 school district of the city of the first or second class upon
24 the filing of the final plat unless an affected school district
25 petitions the district court within ten days after approval of the

1 final plat or replat and obtains an order enjoining the transfer
2 and requiring the affected boards to continue negotiation. The
3 court shall issue the order upon a finding that the affected board
4 or boards have not negotiated in good faith based on one or more of
5 the criteria listed in subsection (2) of this section. The district
6 court shall require no bond or other surety as a condition for
7 any preliminary injunctive relief. If no agreement is reached after
8 such order by the district court and additional negotiations, the
9 platted or replatted territory shall become a part of the school
10 district of the city of the first or second class.

11 For purposes of this subsection, plat and replat apply
12 only to (a) vacant land, (b) land under cultivation, or (c) any
13 plat or replat of land involving a substantive change in the size
14 or configuration of any lot or lots.

15 ~~(5)~~ (4) Notwithstanding any other provisions of this
16 section, all negotiated agreements relative to boundaries or to
17 real or personal property of school districts reached by the
18 affected school boards shall be valid and binding, except that such
19 agreements shall not be binding on reorganization plans pursuant to
20 the Learning Community Reorganization Act.

21 Sec. 35. Section 79-479, Revised Statutes Cumulative
22 Supplement, 2006, as affected by Referendum 2006, No. 422, is
23 amended to read:

24 79-479 ~~(1)(a)~~ Beginning January 1, 1992, any (1) Any
25 school district boundaries changed by the means provided by

1 Nebraska law, but excluding the method provided by sections 79-407
2 and 79-473 to 79-475, shall be made only upon an order issued by
3 the State Committee for the Reorganization of School Districts or
4 county clerk. ~~The state committee shall not issue an order changing~~
5 ~~boundaries relating to affiliation of school districts if twenty~~
6 ~~percent or more of any tract of land under common ownership which~~
7 ~~is proposing to affiliate is not contiguous to the high school~~
8 ~~district with which affiliation is proposed unless (i) one or more~~
9 ~~resident students of the tract of land under common ownership has~~
10 ~~attended the high school program of the high school district within~~
11 ~~the immediately preceding ten-year period or (ii) approval of the~~
12 ~~petition or plan would allow siblings of such resident students~~
13 ~~to attend the same school as the resident students attended.~~(b)
14 The order issued by the state committee shall be certified to
15 the county clerk of each county in which boundaries are changed
16 and shall also be certified to the State Department of Education.
17 Whenever the order changes the boundaries of a school district
18 due to the transfer of land, the county assessor, the Property
19 Tax Administrator, and the State Department of Education shall be
20 provided with the legal description and a map of the parcel of
21 land which is transferred. Such order shall be issued no later
22 than June 1 and shall have an effective date no later than August
23 1 of the same year. For purposes of determining school district
24 counts pursuant to sections 79-524 and 79-578 and calculating
25 state aid allocations pursuant to the Tax Equity and Educational

1 Opportunities Support Act, any change in school district boundaries
2 with an effective date between June 1 and August 1 of any year
3 shall be considered effective July 1 of such year.

4 (2) Unless otherwise provided by section 6 of this act
5 or other state law or by the terms of an affiliation or a
6 reorganization plan or petition which is consistent with state
7 law, all assets, including budget authority as provided in sections
8 79-1023 to 79-1030, and liabilities, except bonded obligations, of
9 school districts merged, dissolved, or annexed shall be transferred
10 to the receiving district or districts on the basis of the
11 proportionate share of assessed valuation received at the time of
12 reorganization. When a Class II, III, or IV, ~~or V~~ school district
13 becomes a Class I school district, ~~(a) Which becomes part of a~~
14 ~~Class VI district which offers instruction in grades six through~~
15 ~~twelve, 37.9310 percent of the Class II, III, IV, or V district's~~
16 ~~assets and liabilities shall be transferred to the new Class I~~
17 ~~district and the remainder shall be transferred to the Class VI~~
18 ~~district or districts of which the Class I district becomes a part~~
19 ~~on the basis of the proportionate share of assessed valuation each~~
20 ~~high school district received at the time of such change in class~~
21 ~~of district;~~ (b) Which becomes part of a Class VI district which
22 offers instruction in grades seven through twelve, 44.8276 percent
23 of the Class II, III, IV, or V district's assets and liabilities
24 shall be transferred to the new Class I district and the remainder
25 shall be transferred to the Class VI district or districts of

1 which the Class I district becomes a part on the basis of the
2 proportionate share of assessed valuation each high school district
3 received at the time of such change in class of district, ~~or (c)~~
4 which is affiliated or becomes part of a Class VI district which
5 offers instruction in grades nine through twelve, 61.3793 percent
6 of the Class II, III, or IV, ~~or V~~ school district's assets and
7 liabilities shall be transferred to the new Class I district and
8 the remainder shall be transferred to the Class VI district ~~or~~
9 districts of which the Class I district becomes a part and to the
10 high school district ~~or districts~~ with which the Class I district
11 is affiliated, on the basis of the proportionate share of assessed
12 valuation each high school district received at the time of such
13 change in class of district.

14 Sec. 36. Section 79-494, Revised Statutes Cumulative
15 Supplement, 2006, as affected by Referendum 2006, No. 422, is
16 amended to read:

17 79-494 Every new Class I ~~or Class II~~ school district
18 described in section 79-492 shall be deemed duly organized when
19 the majority of the officers elected at the first meeting have
20 filed their acceptance as provided in section 79-493. A reorganized
21 school district shall be formed, organized, and have a governing
22 board not later than April 1 following the last legal action,
23 as prescribed in section 79-413, 79-450, ~~or 79-455~~, necessary to
24 effect the changes in boundaries as set forth in the petition ~~or~~
25 plan of reorganization, issuance of an order by the State Committee

1 for the Reorganization of School Districts pursuant to section 6 of
2 this act, although the physical reorganization of such reorganized
3 school district may not take effect until the commencement of the
4 following school year.

5 Sec. 37. Section 79-495, Revised Statutes Cumulative
6 Supplement, 2006, as affected by Referendum 2006, No. 422, is
7 amended to read:

8 79-495 In case the inhabitants of any new Class I ~~or~~
9 ~~Class II~~ school district referred to in section 79-492 fail to
10 organize it, the State Committee for the Reorganization of School
11 Districts shall immediately dissolve such district and attach it to
12 an adjoining district or districts. ~~the affiliated Class II, III,~~
13 or IV school district.

14 Sec. 38. Section 79-498, Reissue Revised Statutes of
15 Nebraska, is amended to read:

16 79-498 When, for a period of one school term, a school
17 district (1) has less than three legal voters residing in the
18 district or (2)(a) fails to maintain a public elementary school
19 within the district in which are enrolled and in regular attendance
20 for at least one thousand thirty-two hours one or more pupils of
21 school age residing in the district, other than option students
22 as defined in section 79-233, or (b) does not contract for the
23 tuition and transportation of pupils of such district with another
24 district or districts and have pupils attending school regularly
25 for at least one thousand thirty-two hours under such contract or

1 contracts, the State Committee for the Reorganization of School
2 Districts shall, subject to the requirements of this section,
3 dissolve such district and attach the territory of such district
4 to one or more neighboring school districts. Before dissolving a
5 district under this section, the state committee shall fix a time
6 for a hearing and shall notify each legal resident of the district
7 at least fifteen days before such hearing. When the dissolution
8 will create extreme hardships on the pupils of the district
9 affected, the State Board of Education may, on application by the
10 school board of the district, annually waive the requirements of
11 this section. Notification shall be by mail or by publication in a
12 newspaper of general circulation in the area.

13 If the state committee finds that the district is
14 required by this section to be dissolved, it shall enter an
15 order dissolving the district and directing the county clerk of the
16 county in which such district is located to attach the territory
17 of such district to one or more neighboring school districts. If
18 the district required by this section to be dissolved is a Class I
19 school district, the territory of such district shall be attached
20 to the Class II, III, or IV school district with which the Class
21 I school district is affiliated. Appeals from the action of the
22 state committee may be made to the district court of the county
23 in which the depopulated district is located. The county treasurer
24 shall distribute the assets of the closed district among the other
25 district or districts to which the property has been attached in

1 proportion to the taxable valuation of the property attached to
2 such district or districts.

3 Sec. 39. Section 79-4,100, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 79-4,100 For purposes of statutes governing schools:

6 (1) Affiliated school system means the high school
7 district and the Class I districts ~~or portions of Class I districts~~
8 affiliated with such high school district; and

9 (2) Affiliation or affiliation of school districts means
10 an ongoing association of a Class I district ~~or portion thereof~~
11 ~~not a part of a Class VI district with one or more existing Class~~
12 ~~II, III, IV, or V districts~~ with an existing Class II, III, or IV
13 district for the purpose of (a) providing a high school program
14 serving the Class I district students and (b) maintaining tax
15 support to finance such program. The services provided may include
16 student transportation. + and

17 ~~(3) Class VI school system means a Class VI school~~
18 ~~district and each Class I school district or portion thereof which~~
19 ~~is part of the Class VI district.~~

20 Sec. 40. Section 79-4,101, Revised Statutes Cumulative
21 Supplement, 2006, as affected by Referendum 2006, No. 422, is
22 amended to read:

23 79-4,101 For purposes of sections 10-716.01, 79-402,
24 79-422, ~~79-424 to~~ 79-427, 79-431, 79-449, 79-4,100 to 79-4,102,
25 79-611, and 79-1077:

1 (1) Elementary school facility means the educational
2 facility used to provide services for students in grades
3 kindergarten through eight in an affiliated school system;

4 (2) High school district means the Class II, III, or
5 ~~IV, or V~~ district which provides the high school program for an
6 affiliated Class I district;

7 (3) High school facility means the educational facility
8 used to provide services for students in grades nine through twelve
9 in an affiliated school system;

10 (4) High school program means the educational services
11 provided in an affiliated school system for grades nine through
12 twelve; and

13 (5) High school students means students enrolled in a
14 high school program.

15 Sec. 41. Section 79-4,103, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 79-4,103 An advisory committee shall be created for each
18 affiliated high school district. The advisory committee shall be
19 composed of three school board members selected by all the school
20 board members of the Class I school districts with which such Class
21 II, III, or IV, or V district is affiliated. The superintendent of
22 the affiliated high school district shall call a meeting of all the
23 school board members of such Class I school districts, ~~not a part~~
24 ~~of a Class VI school district,~~ for the purpose of establishing such
25 advisory committees. Representatives shall serve three-year terms.

1 The advisory committee shall provide advice and
2 communication to the school board of such affiliated high school
3 district regarding the high school program, facilities, and budget
4 and the needs and concerns of students, parents, and taxpayers
5 in the Class I school district or districts. Each advisory
6 committee shall meet at least biannually with the school board
7 and participate in good faith in those coordination requirements
8 specified in section 79-716.

9 Sec. 42. Section 79-501, Reissue Revised Statutes of
10 Nebraska, is amended to read:

11 79-501 The school board or board of education of a Class
12 I, II, III, or IV ~~or VI~~ school district shall have the care and
13 custody of the schoolhouse and other property of the district and
14 shall have authority to hire a superintendent and the required
15 number of teachers and other necessary personnel.

16 Sec. 43. Section 79-502, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 79-502 The school board or board of education of any
19 Class I, II, III, or IV ~~or VI~~ school district may provide
20 its members with hospitalization, medical, surgical, accident,
21 sickness, or term life insurance coverage or any one or more of
22 such coverages.

23 Sec. 44. Section 79-524, Reissue Revised Statutes of
24 Nebraska, is amended to read:

25 79-524 The school board of any Class I, II, III, or IV ~~or VI~~

1 ~~ex VI~~ school district shall establish a permanent and continuing
2 census or enumeration of school children in the school district.
3 The list in writing of the names of the children and taxpayers
4 shall not be required to be reported, but the names of all
5 of the children belonging to such school district, from birth
6 through twenty years of age, shall instead be kept in a depository
7 maintained by such school district and subject to inspection at all
8 times. Such record shall not or need not include the names of all
9 the taxpayers in the district.

10 Sec. 45. Section 79-525, Reissue Revised Statutes of
11 Nebraska, is amended to read:

12 79-525 The school board or board of education of a Class
13 I, II, III, or IV, ~~ex VI~~ school district shall (1) provide the
14 necessary appendages for the schoolhouse, (2) keep the same in
15 good condition and repair during the time school is taught in
16 the schoolhouse, and (3) keep an accurate account of all expenses
17 incurred. Such account shall be prepared by the secretary, audited
18 by the president and treasurer, and, on their written order, paid
19 out of the general school fund.

20 Sec. 46. Section 79-526, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 79-526 The school board or board of education of a Class
23 I, II, III, or IV, ~~ex VI~~ school district has responsibility for the
24 general care and upkeep of the schools, shall provide the necessary
25 supplies and equipment, and, except as otherwise provided, has the

1 power to cause pupils to be taught in such branches and classified
2 in such grades or departments as may seem best adapted to a course
3 of study which the board shall establish with the consent and
4 advice of the State Department of Education. The board shall make
5 provision for pupils that may enter at any time during the school
6 year. The board shall have a record kept of the advancement of all
7 pupils in each branch of study. The board shall make rules and
8 regulations as it deems necessary for the government and health of
9 the pupils and devise any means as may seem best to secure the
10 regular attendance and progress of children at school.

11 Sec. 47. Section 79-528, Revised Statutes Cumulative
12 Supplement, 2006, is amended to read:

13 79-528 (1)(a) On or before July 20 in all school
14 districts, the superintendent or head administrator shall file
15 with the State Department of Education a report under oath showing
16 the number of children from five through eighteen years of age
17 belonging to the school district according to the census taken as
18 provided in sections 79-524 and 79-578. The report shall identify
19 the number of boys and the number of girls in each of the
20 respective age categories. On or before July 20, school districts
21 that are members of learning communities shall provide the learning
22 community coordinating council with a copy of the report filed
23 with the department. On or before August 1, each learning community
24 coordinating council shall file with the department a report
25 showing the number of children from five through eighteen years

1 of age belonging to the member school districts according to the
2 school district reports filed with the department.

3 ~~(b) Each Class I school district which is part of a Class~~
4 ~~VI school district offering instruction (i) in grades kindergarten~~
5 ~~through five shall report children from five through ten years~~
6 ~~of age, (ii) in grades kindergarten through six shall report~~
7 ~~children from five through eleven years of age, and (iii) in grades~~
8 ~~kindergarten through eight shall report children from five through~~
9 ~~thirteen years of age.~~

10 ~~(c) Each Class VI school district offering instruction~~
11 ~~(i) in grades six through twelve shall report children who are~~
12 ~~eleven through eighteen years of age, (ii) in grades seven through~~
13 ~~twelve shall report children who are twelve through eighteen years~~
14 ~~of age, and (iii) in grades nine through twelve children who are~~
15 ~~fourteen through eighteen years of age.~~

16 ~~(d) (b) Each Class I district which has affiliated in~~
17 ~~whole or in part shall report children from five through thirteen~~
18 ~~years of age.~~

19 ~~(e) (c) Each Class II, III, or IV, or V district shall~~
20 ~~report children who are fourteen through eighteen years of age~~
21 ~~residing in Class I districts or portions thereof which have~~
22 ~~affiliated with such district.~~

23 ~~(f) (d) The board of any district neglecting to take and~~
24 ~~report the enumeration shall be liable to the school district for~~
25 ~~all school money which such district may lose by such neglect.~~

1 (2) On or before June 30 the superintendent or head
2 administrator of each school district shall file with the
3 Commissioner of Education a report under oath described as an
4 end-of-the-school-year annual statistical summary showing (a) the
5 number of children attending school during the year under five
6 years of age, (b) the length of time the school has been taught
7 during the year by a qualified teacher, (c) the length of time
8 taught by each substitute teacher, and (d) such other information
9 as the Commissioner of Education directs. On or before June 30,
10 school districts that are members of learning communities shall
11 also provide the learning community coordinating council with a
12 copy of the report filed with the commissioner. On or before July
13 15, each learning community coordinating council shall file with
14 the commissioner a report showing the number of children from
15 five through eighteen years of age belonging to the member school
16 districts according to the school district reports filed with the
17 commissioner.

18 (3)(a) On or before November 1 the superintendent or
19 head administrator of each school district shall submit to the
20 Commissioner of Education, to be filed in his or her office, a
21 report under oath described as the annual financial report showing
22 (i) the amount of money received from all sources during the year
23 and the amount of money expended by the school district during
24 the year, (ii) the amount of bonded indebtedness, (iii) such other
25 information as shall be necessary to fulfill the requirements

1 of the Tax Equity and Educational Opportunities Support Act
2 and section 79-1114, and (iv) such other information as the
3 Commissioner of Education directs.

4 (b) On or before November 1, school districts that are
5 members of learning communities shall also provide the learning
6 community coordinating council with a copy of the report submitted
7 to the commissioner. On or before November 15, each learning
8 community coordinating council shall submit to the commissioner,
9 to be filed in his or her office, a report described as the
10 annual financial report showing (i) the aggregate amount of money
11 received from all sources during the year for all member school
12 districts and the aggregate amount of money expended by member
13 school districts during the year, (ii) the aggregate amount of
14 bonded indebtedness for all member school districts, (iii) such
15 other aggregate information as shall be necessary to fulfill
16 the requirements of the Tax Equity and Educational Opportunities
17 Support Act and section 79-1114 for all member school districts,
18 and (iv) such other aggregate information as the Commissioner of
19 Education directs for all member school districts.

20 (4) (a) On or before October 15 of each year, the
21 superintendent or head administrator of each school district shall
22 deliver to the department the fall school district membership
23 report, which report shall include the number of children from
24 birth through twenty years of age enrolled in the district on the
25 last Friday in September of a given school year. The report shall

1 enumerate (i) students by grade level, (ii) school district levies
2 and total assessed valuation for the current fiscal year, and (iii)
3 such other information as the Commissioner of Education directs.

4 (b) On or before October 15 of each year, school
5 districts that are members of learning communities shall also
6 provide the learning community coordinating council with a copy of
7 the report delivered to the department. On or before October 31
8 of each year, each learning community coordinating council shall
9 deliver to the department the fall learning community membership
10 report, which report shall include the aggregate number of children
11 from birth through twenty years of age enrolled in the member
12 school districts on the last Friday in September of a given
13 school year for all member school districts. The report shall
14 enumerate (i) the aggregate students by grade level for all member
15 school districts, (ii) learning community levies and total assessed
16 valuation for the current fiscal year, and (iii) such other
17 information as the Commissioner of Education directs.

18 (c) When any school district or learning community
19 fails to submit its fall membership report by November 1, the
20 commissioner shall, after notice to the district and an opportunity
21 to be heard, direct that any state aid granted pursuant to the
22 Tax Equity and Educational Opportunities Support Act be withheld
23 until such time as the report is received by the department. In
24 addition, the commissioner shall direct the county treasurer to
25 withhold all school money belonging to the school district or

1 learning community until such time as the commissioner notifies the
2 county treasurer of receipt of such report. The county treasurer
3 shall withhold such money. For school districts that are members
4 of learning communities, a determination of school money belonging
5 to the district shall be based on the proportionate share of state
6 aid and property tax receipts allocated to the school district
7 by the learning community coordinating council, and the treasurer
8 of the learning community coordinating council shall withhold any
9 such school money in the possession of the learning community from
10 the school district. If a school district that is a member of
11 a learning community fails to provide a copy of the report to
12 the learning community coordinating council on or before October
13 15, the learning community coordinating council shall complete the
14 fall learning community membership report with information from the
15 reports received from other member school districts.

16 Sec. 48. Section 79-554, Revised Statutes Cumulative
17 Supplement, 2006, is amended to read:

18 79-554 In all meetings of a school board of a Class
19 I, II, or III, ~~or VI~~ school district, a majority of the members
20 shall constitute a quorum for the transaction of business. Regular
21 meetings shall be held on or before the third Monday of every
22 month. All meetings of the board shall be subject to the Open
23 Meetings Act. Special meetings may be called by the president or
24 any two members, but all members shall have notice of the time
25 and place of meeting. If a school district is participating in an

1 approved unified system as provided in section 79-4,108, regular
2 meetings of such district's school board shall be held at least
3 twice during the school year.

4 Sec. 49. Section 79-559, Reissue Revised Statutes of
5 Nebraska, is amended to read:

6 79-559 (1) The school board or board of education of
7 any Class II, III, IV, or V ~~or VI~~ school district may include
8 at least one nonvoting member who is a public high school student
9 from the district. If the board elects to include such a nonvoting
10 student member, the student member shall serve for a term of one
11 year, beginning on September 1, and shall be the student body or
12 student council president, the senior class representative, or a
13 representative elected from and by the entire student body, as
14 designated by the voting members of the board.

15 (2) Any nonvoting student member of the board has the
16 privilege of attending all open meetings of the board but shall be
17 excluded from executive sessions.

18 Sec. 50. Section 79-569, Reissue Revised Statutes of
19 Nebraska, is amended to read:

20 79-569 The president of the school board of a Class I,
21 II, III, or IV ~~or VI~~ school district shall: (1) Preside at all
22 meetings of the district; (2) countersign all orders upon the
23 treasury for money to be disbursed by the district and all warrants
24 of the secretary on the county treasurer for money raised for
25 district purposes or apportioned to the district by the county

1 treasurer; (3) administer the oath to the secretary and treasurer
 2 of the district when such an oath is required by law in the
 3 transaction of the business of the district; and (4) perform such
 4 other duties as may be required by law of the president of the
 5 board. He or she is entitled to vote on any issue that may come
 6 before any meeting. If the president is absent from any district
 7 meeting, the legal voters present may elect a suitable person to
 8 preside at the meeting.

9 Sec. 51. Section 79-570, Reissue Revised Statutes of
 10 Nebraska, is amended to read:

11 79-570 If at any district meeting of a Class I, II, III,
 12 or IV, ~~or VI~~ school district any person conducts himself or herself
 13 in a disorderly manner and persists in such conduct after notice
 14 by the president or person presiding, the president or person
 15 presiding may order such person to withdraw from the meeting and,
 16 if the person refuses, may order any person or persons to take such
 17 person into custody until the meeting is adjourned.

18 Sec. 52. Section 79-572, Reissue Revised Statutes of
 19 Nebraska, is amended to read:

20 79-572 The president of a Class I, II, III, or IV, ~~or VI~~
 21 school district shall appear for and on behalf of the district in
 22 all suits brought by or against the district.

23 Sec. 53. Section 79-576, Reissue Revised Statutes of
 24 Nebraska, is amended to read:

25 79-576 The secretary of a Class I, II, III, or IV, ~~or~~

1 ~~VI~~ school district shall be clerk of the school board and of all
2 district meetings when present, but if he or she is not present
3 the legal voters may appoint a clerk for the time being, who shall
4 certify the proceedings to the clerk to be recorded by him or her.

5 Sec. 54. Section 79-577, Reissue Revised Statutes of
6 Nebraska, is amended to read:

7 79-577 The secretary of a Class I, II, III, or IV, ~~or VI~~
8 school district shall (1) record all proceedings of the district in
9 a book furnished by the district to be kept for that purpose, (2)
10 preserve copies of all reports, and (3) safely preserve and keep
11 all books and papers belonging to the office.

12 Sec. 55. Section 79-578, Reissue Revised Statutes of
13 Nebraska, is amended to read:

14 79-578 The secretary of a Class I, II, III, or IV, ~~or VI~~
15 school district shall take, or cause to be taken by some person
16 appointed for the purpose by a majority vote of the school board,
17 the census of the school district and then make or cause to be
18 made a list in writing of the names of all the children belonging
19 to such district, from birth through twenty years of age, together
20 with the names of all the taxpayers in the district. A copy of
21 the list, verified by oath of the person taking such census or by
22 affidavit appended to or endorsed on the list, setting forth that
23 it is a correct list of the names of all children belonging in
24 the district from birth through twenty years of age and that it
25 reflects such information as of June 30, shall be maintained as

1 provided in section 79-524.

2 Sec. 56. Section 79-579, Reissue Revised Statutes of
3 Nebraska, is amended to read:

4 79-579 Whenever a secretary or president of the school
5 board of a Class I, II, III, or IV, ~~or VI~~ school district refuses
6 to sign orders on the treasurer or the treasurer thinks best to
7 refuse the payment of orders drawn upon him or her, the difficulty
8 shall be referred for adjudication to the county attorney, who
9 shall proceed at once to investigate the matter. If the county
10 attorney finds that the officer complained of refuses through
11 contumacy or for insufficient reasons, the county attorney, on
12 behalf of the district, shall apply to the proper court for a writ
13 of mandamus to compel the officer to perform his or her duty.

14 Sec. 57. Section 79-580, Reissue Revised Statutes of
15 Nebraska, is amended to read:

16 79-580 The secretary of the school board or board of
17 education of each Class I, II, and III, ~~and VI~~ school district
18 having an annual budget of one hundred thousand dollars or more
19 shall, within ten days after any regular or special meeting of the
20 board, publish one time in a legal newspaper published in or of
21 general circulation in such district a list of the claims, arising
22 on contract or tort, allowed at the meeting. The list shall set
23 forth the name of the claimant and the amount and nature of the
24 claim allowed, to consist of not more than ten words in stating
25 the nature of each such claim. The secretary shall likewise cause

1 to be published a concise summary of all other proceedings of such
2 meetings. Publication of such claims or proceedings in a legal
3 newspaper shall not be required unless the publication can be done
4 at an expense not exceeding the rates provided by law for the
5 publication of proceedings of county boards.

6 Sec. 58. Section 79-581, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 79-581 The secretary of any school board or board of
9 education of a Class I, II, or III, ~~or VI~~ school district failing
10 or neglecting to comply with the provisions of section 79-580 shall
11 be guilty of a Class V misdemeanor. In the discretion of the court,
12 the judgment of conviction may provide for the removal from office
13 of such secretary for such failure or neglect.

14 Sec. 59. Section 79-586, Revised Statutes Cumulative
15 Supplement, 2006, is amended to read:

16 79-586 The treasurer of each Class I, II, III, or IV,
17 ~~or VI~~ school district shall, within ten days after his or her
18 election, execute to the county and file with the secretary a bond
19 or evidence of equivalent insurance coverage of not less than five
20 hundred dollars in any instance and not more than double the amount
21 of money, as nearly as can be ascertained, to come into his or
22 her hands as treasurer at any one time, which bond shall be signed
23 by either a personal surety or a surety company or companies of
24 recognized responsibility as surety or sureties, to be approved by
25 the president and secretary, conditioned for the faithful discharge

1 of the duties of the office. The bond when approved or evidence
2 of equivalent insurance coverage shall be filed by the secretary
3 in the office of the county treasurer of the county in which the
4 school district is situated. If the treasurer fails to execute such
5 bond or provide evidence of such insurance coverage, the office
6 shall be declared vacant by the school board or board of education
7 and the board shall immediately appoint a treasurer who shall be
8 subject to the same conditions and possess the same powers as
9 if elected to that office. The treasurer shall have no power or
10 authority to withdraw or disburse the money of the district prior
11 to filing the bond or evidence of equivalent insurance coverage
12 provided for in this section.

13 Sec. 60. Section 79-587, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 79-587 The treasurer of each Class I, II, III, or IV~~7~~
16 ~~or VI~~ school district shall apply for and receive from the county
17 treasurer all school money apportioned to or collected for the
18 district by the county treasurer, upon order of the secretary
19 countersigned by the president. The treasurer shall pay out all
20 money received by him or her, on the order of the secretary
21 countersigned by the president of such district.

22 Sec. 61. Section 79-588, Reissue Revised Statutes of
23 Nebraska, is amended to read:

24 79-588 The treasurer of a Class I, II, III, or IV~~7~~ ~~or~~
25 ~~VI~~ school district shall keep a record in which the treasurer

1 shall enter all the money received and disbursed by him or her,
 2 specifying particularly (1) the source from which money has been
 3 received, (2) to what fund it belongs, and (3) the person or
 4 persons to whom and the object for which the same has been paid
 5 out. The treasurer shall present to the district, at each annual
 6 meeting, a report in writing containing a statement of all money
 7 received during the preceding year and of the disbursement made
 8 with the items of such disbursements and exhibit the vouchers
 9 therefor. At the close of the treasurer's term of office, he or she
 10 shall settle with the school board and shall hand over to his or
 11 her successor the records and all receipts, vouchers, orders, and
 12 papers coming into his or her hands as treasurer of the district,
 13 together with all money remaining in his or her hands as such
 14 treasurer.

15 Sec. 62. Section 79-594, Reissue Revised Statutes of
 16 Nebraska, is amended to read:

17 79-594 The school board in a Class II, III, or IV,
 18 ~~or VI~~ school district may also elect at any regular meeting one
 19 superintendent of public instruction with such salary as the board
 20 deems best and may enter into contract with him or her at its
 21 discretion, for a term not to exceed three years.

22 Sec. 63. Section 79-5,107, Reissue Revised Statutes of
 23 Nebraska, is amended to read:

24 79-5,107 The ~~board of education of any Class VI school~~
 25 ~~district formerly organized as a rural high school district or the~~

1 school board of any Class II district may pay tuition based on
2 the actual per pupil cost of the receiving district for any junior
3 high, junior-senior high, or senior high school pupil residing in
4 the district to attend an accredited junior high, junior-senior
5 high, or senior high school outside such district when such
6 facilities are located closer to the residence of the pupil than
7 the school maintained by such district and when in the opinion of
8 the board the best interest of such pupil or such school district
9 may so require.

10 Sec. 64. Section 79-611, Revised Statutes Cumulative
11 Supplement, 2006, as affected by Referendum 2006, No. 422, is
12 amended to read:

13 79-611 (1) The school board of any school district that
14 is not subject to subsection (2) of this section shall either
15 provide free transportation or pay an allowance for transportation
16 in lieu of free transportation as follows:

17 (a) When a student attends an elementary school in his
18 or her own district and lives more than four miles from the public
19 schoolhouse in such district;

20 (b) When a student is required to attend an elementary
21 school outside of his or her own district and lives more than four
22 miles from such elementary school;

23 (c) When a student attends a secondary school in his or
24 her own Class II or Class III school district and lives more than
25 four miles from the public schoolhouse; and ~~This subdivision does~~

1 ~~not apply when one or more Class I school districts merge with~~
2 ~~a Class VI school district to form a new Class II or III school~~
3 ~~district on or after January 1, 1997; and~~

4 (d) When a student, other than a student in grades ten
5 through twelve in a Class V district, attends an elementary or
6 junior high school in his or her own Class V district and lives
7 more than four miles from the public schoolhouse in such district.

8 (2) The school board of any school district that is a
9 member of a learning community subject to the enrollment provisions
10 of section 79-2110 shall provide free transportation for a student
11 if (a) the student is a resident of any school district that is
12 a member of such learning community, (b) the student is attending
13 a school in the school district under the control of such school
14 board, and (c) the student does not reside in the attendance area
15 for such school. Transportation shall be provided from the school
16 building providing education in at least kindergarten through grade
17 three in the attendance area in which the student resides to
18 the school building the student attends. This subsection does not
19 prohibit a school district from providing additional transportation
20 to any student.

21 (3) The transportation allowance which may be paid to
22 the parent, custodial parent, or guardian of students qualifying
23 for free transportation pursuant to subsection (1) or (2) of this
24 section shall equal two hundred eighty-five percent of the mileage
25 rate provided in section 81-1176, multiplied by each mile actually

1 and necessarily traveled, on each day of attendance, beyond which
2 the one-way distance from the residence of the student to the
3 schoolhouse exceeds three miles.

4 (4) Whenever students from more than one family travel to
5 school in the same vehicle, the transportation allowance prescribed
6 in subsection (3) of this section shall be payable as follows:

7 (a) To the parent, custodial parent, or guardian
8 providing transportation for students from other families, one
9 hundred percent of the amount prescribed in subsection (3) of
10 this section for the transportation of students of such parent's,
11 custodial parent's, or guardian's own family and an additional
12 five percent for students of each other family not to exceed a
13 maximum of one hundred twenty-five percent of the amount determined
14 pursuant to subsection (3) of this section; and

15 (b) To the parent, custodial parent, or guardian not
16 providing transportation for students of other families, two
17 hundred eighty-five percent of the mileage rate provided in section
18 81-1176 multiplied by each mile actually and necessarily traveled,
19 on each day of attendance, from the residence of the student to
20 the pick-up point at which students transfer to the vehicle of a
21 parent, custodial parent, or guardian described in subdivision (a)
22 of this subsection.

23 (5) The board may authorize school-provided
24 transportation to any student who does not qualify under the
25 mileage requirements of subsection (1) of this section and may

1 charge a fee to the parent or guardian of the student for such
2 service. An affiliated high school district may provide free
3 transportation or pay the allowance described in this section for
4 high school students residing in an affiliated Class I district. No
5 transportation payments shall be made to a family for mileage not
6 actually traveled by such family. The number of days the student
7 has attended school shall be reported monthly by the teacher to the
8 board of such public school district.

9 (6) No more than one allowance shall be made to a
10 family irrespective of the number of students in a family being
11 transported to school. If a family resides in a Class I district
12 which is part of a Class VI district and has students enrolled in
13 any of the grades offered by the Class I district and in any of
14 the non-high-school grades offered by the Class VI district, such
15 family shall receive not more than one allowance for the distance
16 actually traveled when both districts are on the same direct travel
17 route with one district being located a greater distance from the
18 residence than the other. In such cases, the travel allowance shall
19 be prorated among the school districts involved.

20 (7) No student shall be exempt from school attendance on
21 account of distance from the public schoolhouse.

22 Sec. 65. Section 79-716, Reissue Revised Statutes of
23 Nebraska, is amended to read:

24 79-716 Every affiliated high school district and every
25 Class VI school district shall undertake efforts to provide

1 for coordination of the curriculum between the elementary school
2 program of instruction of participating Class I school districts
3 and the high school program of instruction of such affiliated
4 high school district, ~~or Class VI school district~~. Notwithstanding
5 reasonable and good faith efforts to provide for coordination of
6 curriculum, each school board of a Class I school district shall
7 retain the final authority to determine matters of curriculum. ~~Any~~
8 ~~additional costs incurred in providing the coordinated services~~
9 ~~required by this section shall be included as a cost of the Class~~
10 ~~VI school district~~. In the case of an affiliated school system, any
11 additional costs incurred for curriculum coordination pursuant to
12 this section shall be funded through the budget of the high school
13 district. Any additional services required by any affiliated Class
14 I district shall be funded through such Class I district's budget
15 which may include contractual or purchased services.

16 Sec. 66. Section 79-828, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 79-828 (1) The contract of a probationary certificated
19 employee shall be deemed renewed and remain in full force and
20 effect unless amended or not renewed in accordance with sections
21 79-824 to 79-842.

22 (2) The purpose of the probationary period is to allow
23 the employer an opportunity to evaluate, assess, and assist the
24 employee's professional skills and work performance prior to the
25 employee obtaining permanent status.

1 All probationary certificated employees employed by Class
2 I, II, and III, ~~and VI~~ school districts shall, during each year of
3 probationary employment, be evaluated at least once each semester,
4 unless the probationary certificated employee is a superintendent,
5 in accordance with the procedures outlined below:

6 The probationary employee shall be observed and
7 evaluation shall be based upon actual classroom observations for
8 an entire instructional period. If deficiencies are noted in
9 the work performance of any probationary employee, the evaluator
10 shall provide the teacher or administrator at the time of the
11 observation with a list of deficiencies, a list of suggestions
12 for improvement and assistance in overcoming the deficiencies, and
13 followup evaluations and assistance when deficiencies remain.

14 If the probationary certificated employee is a
15 superintendent, he or she shall be evaluated twice during the first
16 year of employment and at least once annually thereafter.

17 Any certificated employee employed prior to September 1,
18 1982, by the school board of any Class I, II, or III, ~~or VI~~
19 school district shall serve the probationary period required by law
20 prior to such date and shall not be subject to any extension of
21 probation.

22 (3) If the school board or the superintendent or
23 superintendent's designee determines that it is appropriate to
24 consider whether the contract of a probationary certificated
25 employee or the superintendent should be amended or not renewed for

1 the next school year, such certificated employee shall be given
2 written notice that the school board will consider the amendment
3 or nonrenewal of such certificated employee's contract for the
4 ensuing school year. Upon request of the certificated employee,
5 notice shall be provided which shall contain the written reasons
6 for such proposed amendment or nonrenewal and shall be sufficiently
7 specific so as to provide such employee the opportunity to prepare
8 a response and the reasons set forth in the notice shall be
9 employment related.

10 (4) The school board may elect to amend or not renew
11 the contract of a probationary certificated employee for any reason
12 it deems sufficient if such nonrenewal is not for constitutionally
13 impermissible reasons, and such nonrenewal shall be in accordance
14 with sections 79-824 to 79-842. Amendment or nonrenewal for reason
15 of reduction in force shall be subject to sections 79-824 to 79-842
16 and 79-846 to 79-849.

17 (5) Within seven calendar days after receipt of
18 the notice, the probationary certificated employee may make a
19 written request to the secretary of the school board or to the
20 superintendent or superintendent's designee for a hearing before
21 the school board.

22 (6) Prior to scheduling of action or a hearing on
23 the matter, if requested, the notice of possible amendment
24 or nonrenewal and the reasons supporting possible amendment or
25 nonrenewal shall be considered a confidential employment matter as

1 provided in sections 79-539, 79-8,109, and 84-1410 and shall not be
2 released to the public or any news media.

3 (7) At any time prior to the holding of a hearing or
4 prior to final determination by the school board to amend or not
5 renew the contract involved, the probationary certificated employee
6 may submit a letter of resignation for the ensuing year, which
7 resignation shall be accepted by the school board.

8 (8) The probationary certificated employee shall be
9 afforded a hearing which shall not be required to meet the
10 requirements of a formal due process hearing as set forth in
11 section 79-832 but shall be subject to section 79-834.

12 Sec. 67. Section 79-850, Revised Statutes Cumulative
13 Supplement, 2006, as affected by Referendum 2006, No. 422, is
14 amended to read:

15 79-850 For purposes of sections 79-850 to 79-858:

16 (1) Reorganized school district means: (a) Any expanded
17 or altered school district, organized or altered by any of the
18 means provided by Nebraska law including, but not limited to, the
19 methods provided by the Reorganization of School Districts Act,
20 the Learning Community Reorganization Act, section 79-407, 79-413,
21 or 79-473, or sections 79-415 ~~to~~ 79-417 and 79-416 or 79-452 to
22 79-455; or (b) any school district to be formed in the future
23 if the petition or plan for such reorganized school district
24 has been approved pursuant to any of the methods set forth in
25 subdivision (1)(a) of this section when the effective date of such

1 reorganization is prospective. For purposes of this subdivision,
2 a petition or plan shall be deemed approved when the last legal
3 action has been taken, as prescribed in section 79-413, 79-450, or
4 79-455, necessary to effect the changes in boundaries as set forth
5 in the petition or plan; and

6 (2) Unified system means a unified system as defined in
7 section 79-4,108 recognized by the State Department of Education
8 pursuant to subsection (3) of such section, which employs
9 certificated staff.

10 Sec. 68. Section 79-1001, Revised Statutes Cumulative
11 Supplement, 2006, is amended to read:

12 79-1001 Sections 79-1001 to 79-1033 and section 71 of
13 this act shall be known and may be cited as the Tax Equity and
14 Educational Opportunities Support Act.

15 Sec. 69. Section 79-1003, Revised Statutes Cumulative
16 Supplement, 2006, as affected by Referendum 2006, No. 422, is
17 amended to read:

18 79-1003 For purposes of the Tax Equity and Educational
19 Opportunities Support Act:

20 (1) Adjusted general fund operating expenditures means
21 (a) for school fiscal years before school fiscal year 2007-08,
22 general fund operating expenditures as calculated pursuant to
23 subdivision (24) of this section minus the transportation allowance
24 and minus the special receipts allowance, (b) for school fiscal
25 year 2007-08, general fund operating expenditures as calculated

1 pursuant to subdivision (24) of this section minus the sum of
2 the transportation, special receipts, and distance education and
3 telecommunications allowances, and (c) for school fiscal year
4 2008-09 and each school fiscal year thereafter, the difference
5 of the product of the general fund operating expenditures as
6 calculated pursuant to subdivision (24) of this section multiplied
7 by the cost growth factor for the school district's cost
8 grouping calculated pursuant to section 79-1007.10 minus the
9 transportation allowance, remote elementary allowance, special
10 receipts allowance, poverty allowance, limited English proficiency
11 allowance, elementary class size allowance, and focus school and
12 program allowance;

13 (2) Adjusted valuation means the assessed valuation of
14 taxable property of each local system in the state, adjusted
15 pursuant to the adjustment factors described in section 79-1016.
16 Adjusted valuation means the adjusted valuation for the property
17 tax year ending during the school fiscal year immediately preceding
18 the school fiscal year in which the aid based upon that value is
19 to be paid. For purposes of determining the local effort rate yield
20 pursuant to section 79-1015.01, adjusted valuation does not include
21 the value of any property which a court, by a final judgment from
22 which no appeal is taken, has declared to be nontaxable or exempt
23 from taxation;

24 (3) Allocated income tax funds means the amount of
25 assistance paid to a local system pursuant to section 79-1005.01 or

1 79-1005.02 as adjusted by the minimum levy adjustment pursuant to
2 section 79-1008.02;

3 (4) Average daily attendance of a student who resides on
4 Indian land means average daily attendance of a student who resides
5 on Indian land from the most recent data available on November 1
6 preceding the school fiscal year in which aid is to be paid;

7 (5) Average daily membership means the average daily
8 membership for grades kindergarten through twelve attributable to
9 the local system, as provided in each district's annual statistical
10 summary, and includes the proportionate share of students enrolled
11 in a public school instructional program on less than a full-time
12 basis;

13 (6) Base fiscal year means the first school fiscal year
14 following the school fiscal year in which the reorganization or
15 unification occurred;

16 (7) Board means the school board of each school district;

17 (8) Categorical funds means funds limited to a specific
18 purpose by federal or state law, including, but not limited to,
19 Title I funds, Title VI funds, federal vocational education funds,
20 federal school lunch funds, Indian education funds, Head Start
21 funds, and funds from the Education Innovation Fund;

22 (9) Consolidate means to voluntarily reduce the number of
23 school districts providing education to a grade group and does not
24 include dissolution pursuant to section 79-498;

25 (10) Converted contract means an expired contract that

1 was in effect for at least fifteen years for the education of
2 students in a nonresident district in exchange for tuition from
3 the resident district when the expiration of such contract results
4 in the nonresident district educating students who would have been
5 covered by the contract if the contract were still in effect
6 as option students pursuant to the enrollment option program
7 established in section 79-234;

8 (11) Converted contract option students means students
9 who will be option students pursuant to the enrollment option
10 program established in section 79-234 for the school fiscal year
11 for which aid is being calculated and who would have been covered
12 by a converted contract if the contract were still in effect and
13 such school fiscal year is the first school fiscal year for which
14 such contract is not in effect;

15 (12) Department means the State Department of Education;

16 (13) Distance education and telecommunications allowance
17 means, for state aid calculated for school fiscal year 2007-08
18 and each school fiscal year thereafter, eighty-five percent of
19 the difference of the costs for (a) telecommunications services,
20 (b) access to data transmission networks that transmit data to
21 and from the school district, and (c) the transmission of data
22 on such networks paid by the school districts in the local
23 system as reported on the annual financial report for the most
24 recently available complete data year minus the receipts from the
25 federal Universal Service Fund pursuant to section 254 of the

1 Telecommunications Act of 1996, 47 U.S.C. 254, as such section
2 existed on January 1, 2006, for the school districts in the local
3 system as reported on the annual financial report for the most
4 recently available complete data year;

5 (14) District means any Class I, II, III, IV, or V, ~~or VI~~
6 school district;

7 (15) Ensuing school fiscal year means the school fiscal
8 year following the current school fiscal year;

9 (16) Equalization aid means the amount of assistance
10 calculated to be paid to a local system pursuant to sections
11 79-1008.01 to 79-1022 and 79-1022.02;

12 (17) Fall membership means the total membership in
13 kindergarten through grade twelve attributable to the local system
14 as reported on the fall school district membership reports for each
15 district pursuant to section 79-528;

16 (18) Fiscal year means the state fiscal year which is the
17 period from July 1 to the following June 30;

18 (19) Formula students means (a) for state aid certified
19 pursuant to section 79-1022, the sum of fall membership from the
20 school fiscal year immediately preceding the school fiscal year in
21 which the aid is to be paid, multiplied by the average ratio of
22 average daily membership to fall membership for the second school
23 fiscal year immediately preceding the school fiscal year in which
24 aid is to be paid and the prior two school fiscal years, plus
25 qualified early childhood education fall membership plus tuitioned

1 students from the school fiscal year immediately preceding the
2 school fiscal year in which the aid is to be paid and (b) for final
3 calculation of state aid pursuant to section 79-1065, the sum of
4 average daily membership plus qualified early childhood education
5 average daily membership plus tuitioned students from the school
6 fiscal year immediately preceding the school fiscal year in which
7 the aid was paid;

8 (20) Free lunch and free milk student means a student
9 who qualified for free lunches or free milk from the most recent
10 data available on November 1 of the school fiscal year immediately
11 preceding the school fiscal year in which aid is to be paid;

12 (21) Full-day kindergarten means kindergarten offered by
13 a district for at least one thousand thirty-two instructional
14 hours;

15 (22) General fund budget of expenditures means the total
16 budget of disbursements and transfers for general fund purposes as
17 certified in the budget statement adopted pursuant to the Nebraska
18 Budget Act, except that for purposes of the limitation imposed in
19 section 79-1023, the calculation of Class I total allowable general
20 fund budget of expenditures minus the special education budget of
21 expenditures pursuant to section 79-1083.03, and the calculation
22 pursuant to subdivision (2) of section 79-1027.01, the general fund
23 budget of expenditures does not include any special grant funds,
24 exclusive of local matching funds, received by a district subject
25 to the approval of the department;

1 (23) General fund expenditures means all expenditures
2 from the general fund;

3 (24) General fund operating expenditures means the total
4 general fund expenditures minus categorical funds, tuition paid,
5 transportation fees paid to other districts, adult education,
6 summer school, community services, redemption of the principal
7 portion of general fund debt service, retirement incentive plans,
8 staff development assistance, and transfers from other funds into
9 the general fund for the second school fiscal year immediately
10 preceding the school fiscal year in which aid is to be paid;

11 (25) High school district means a school district
12 providing instruction in at least grades nine through twelve;

13 (26) Income tax liability means the amount of the
14 reported income tax liability for resident individuals pursuant
15 to the Nebraska Revenue Act of 1967 less all nonrefundable credits
16 earned and refunds made;

17 (27) Income tax receipts means the amount of income tax
18 collected pursuant to the Nebraska Revenue Act of 1967 less all
19 nonrefundable credits earned and refunds made;

20 (28) Limited English proficiency student means a student
21 with limited English proficiency from the most recent data
22 available on November 1 of the school fiscal year preceding
23 the school fiscal year in which aid is to be paid;

24 (29) Local system means a ~~Class VI district and the~~
25 ~~associated Class I districts or~~ (a) a Class II, III, IV, or V

1 district and any affiliated Class I districts ~~or portions of Class~~
 2 ~~I districts~~ and (b) for school fiscal year 2008-09 and each school
 3 fiscal year thereafter, a learning community or a Class II, III,
 4 IV, or V district that is not a member of a learning community;
 5 ~~The membership, expenditures, and resources of Class I districts~~
 6 ~~that are affiliated with multiple high school districts will be~~
 7 ~~attributed to local systems based on the percent of the Class I~~
 8 ~~valuation that is affiliated with each high school district;~~

9 (30) Low-income child means (a) for school fiscal years
 10 prior to 2008-09, a child under nineteen years of age living in
 11 a household having an annual adjusted gross income of fifteen
 12 thousand dollars or less for the second calendar year preceding
 13 the beginning of the school fiscal year for which aid is being
 14 calculated and (b) for school fiscal year 2008-09 and each school
 15 fiscal year thereafter, a child under nineteen years of age living
 16 in a household having an annual adjusted gross income for the
 17 second calendar year preceding the beginning of the school fiscal
 18 year for which aid is being calculated equal to or less than the
 19 maximum household income that would allow a student from a family
 20 of four people to be a free lunch and free milk student during the
 21 school fiscal year immediately preceding the school fiscal year for
 22 which aid is being calculated;

23 (31) Low-income students means the number of low-income
 24 children within the local system multiplied by the ratio of the
 25 formula students in the local system divided by the total children

1 under nineteen years of age residing in the local system as derived
2 from income tax information;

3 (32) Most recently available complete data year means
4 the most recent single school fiscal year for which the annual
5 financial report, fall school district membership report, annual
6 statistical summary, Nebraska income tax liability by school
7 district for the calendar year in which the majority of the school
8 fiscal year falls, and adjusted valuation data are available;

9 (33) Poverty students means the number of low-income
10 students or the number of formula students who are free lunch and
11 free milk students in a local system, whichever is greater;

12 (34) Qualified early childhood education average daily
13 membership means the product of the average daily membership for
14 school fiscal year 2006-07 and each school fiscal year thereafter
15 of students who will be eligible to attend kindergarten the
16 following school year and are enrolled in an early childhood
17 education program approved by the department pursuant to section
18 79-1103 for such school district for such school year if: (a)
19 The program is receiving a grant pursuant to such section for the
20 third year; (b) the program has already received grants pursuant to
21 such section for three years; or (c) the program has been approved
22 pursuant to subsection (5) of section 79-1103 for such school year
23 and the two preceding school years, including any such students
24 in portions of any of such programs receiving an expansion grant,
25 multiplied by the ratio of the actual instructional hours of the

1 program divided by one thousand thirty-two;

2 (35) Qualified early childhood education fall membership
3 means the product of membership on the last Friday in September
4 2006 and each year thereafter of students who will be eligible
5 to attend kindergarten the following school year and are enrolled
6 in an early childhood education program approved by the department
7 pursuant to section 79-1103 for such school district for such
8 school year if: (a) The program is receiving a grant pursuant
9 to such section for the third year; (b) the program has already
10 received grants pursuant to such section for three years; or (c)
11 the program has been approved pursuant to subsection (5) of section
12 79-1103 for such school year and the two preceding school years,
13 including any such students in portions of any of such programs
14 receiving an expansion grant, multiplied by the ratio of the
15 planned instructional hours of the program divided by one thousand
16 thirty-two;

17 (36) Regular route transportation means the
18 transportation of students on regularly scheduled daily routes to
19 and from the attendance center;

20 (37) Reorganized district means any district involved
21 in a consolidation and currently educating students following
22 consolidation;

23 (38) School year or school fiscal year means the fiscal
24 year of a school district as defined in section 79-1091;

25 (39) Special education means specially designed

1 kindergarten through grade twelve instruction pursuant to section
2 79-1125, and includes special education transportation;

3 (40) Special grant funds means the budgeted receipts for
4 grants, including, but not limited to, Title I funds, Title VI
5 funds, funds from the Education Innovation Fund, reimbursements
6 for wards of the court, short-term borrowings including, but
7 not limited to, registered warrants and tax anticipation notes,
8 interfund loans, insurance settlements, and reimbursements to
9 county government for previous overpayment. The state board shall
10 approve a listing of grants that qualify as special grant funds;

11 (41) Special receipts allowance means the amount of
12 special education, state ward, and accelerated or differentiated
13 curriculum program receipts included in local system formula
14 resources under subdivisions (7), (8), (16), and (17) of section
15 79-1018.01 attributable to the school district;

16 (42) State aid means the amount of assistance paid to a
17 district pursuant to the Tax Equity and Educational Opportunities
18 Support Act;

19 (43) State board means the State Board of Education;

20 (44) State support means all funds provided to districts
21 by the State of Nebraska for the general fund support of elementary
22 and secondary education;

23 (45) Temporary aid adjustment factor means (a) for school
24 fiscal years before school fiscal year 2007-08, one and one-fourth
25 percent of the sum of the local system's transportation allowance,

1 the local system's special receipts allowance, and the product
2 of the local system's adjusted formula students multiplied by
3 the average formula cost per student in the local system's cost
4 grouping and (b) for school fiscal year 2007-08 and each school
5 fiscal year thereafter, one and one-fourth percent of the sum
6 of the local system's transportation allowance, special receipts
7 allowance, and distance education and telecommunications allowance
8 and the product of the local system's adjusted formula students
9 multiplied by the average formula cost per student in the local
10 system's cost grouping;

11 (46) Transportation allowance means the lesser of (a)
12 each local system's general fund expenditures for regular route
13 transportation and in lieu of transportation expenditures pursuant
14 to section 79-611 in the second school fiscal year immediately
15 preceding the school fiscal year in which aid is to be paid,
16 but not including special education transportation expenditures or
17 other expenditures previously excluded from general fund operating
18 expenditures, or (b) the number of miles traveled in the second
19 school fiscal year immediately preceding the school fiscal year in
20 which aid is to be paid by vehicles owned, leased, or contracted
21 by the district or the districts in the local system for the
22 purpose of regular route transportation multiplied by four hundred
23 percent of the mileage rate established by the Department of
24 Administrative Services pursuant to section 81-1176 as of January 1
25 of the most recently available complete data year added to in lieu

1 of transportation expenditures pursuant to section 79-611 from the
2 same data year;

3 (47) Tuition receipts from converted contracts means
4 tuition receipts received by a district from another district
5 in the most recently available complete data year pursuant to a
6 converted contract prior to the expiration of the contract; and

7 (48) Tuitioned students means students in kindergarten
8 through grade twelve of the district whose tuition is paid by the
9 district to some other district or education agency.

10 Sec. 70. Section 79-1007.02, Revised Statutes Cumulative
11 Supplement, 2006, is amended to read:

12 79-1007.02 For state aid calculated for school fiscal
13 year 1998-99 and each school fiscal year thereafter:

14 (1) Using data from the annual financial reports for the
15 second school fiscal year immediately preceding the school fiscal
16 year in which aid is to be paid, the annual statistical summary
17 reports for the school fiscal year immediately preceding the school
18 fiscal year in which aid is to be paid, the fall membership reports
19 and supplements thereto for the school fiscal year immediately
20 preceding the school fiscal year in which aid is to be paid,
21 and the school district census as reported under sections 79-524
22 and 79-578 for the second school fiscal year preceding the school
23 fiscal year in which aid is to be paid, the department shall
24 divide the local systems into three cost groupings prior to the
25 certification of state aid based upon the following criteria:

1 (a) The very sparse cost grouping will consist of local
2 systems that have (i) (A) less than one-half student per square
3 mile in each county in which each high school attendance center
4 is located, based on the school district census, (B) less than
5 one formula student per square mile in the local system, and (C)
6 more than fifteen miles between the high school attendance center
7 and the next closest high school attendance center on paved roads
8 or (ii) (A) more than four hundred fifty square miles in the local
9 system, (B) less than one-half student per square mile in the local
10 system, and (C) more than fifteen miles between each high school
11 attendance center and the next closest high school attendance
12 center on paved roads;

13 (b) The sparse cost grouping will consist of local
14 systems that do not qualify for the very sparse cost grouping but
15 which meet the following criteria:

16 (i) (A) Less than two students per square mile in the
17 county in which each high school is located, based on the school
18 district census, (B) less than one formula student per square mile
19 in the local system, and (C) more than ten miles between each
20 high school attendance center and the next closest high school
21 attendance center on paved roads;

22 (ii) (A) Less than one and one-half formula students per
23 square mile in the local system and (B) more than fifteen miles
24 between each high school attendance center and the next closest
25 high school attendance center on paved roads;

1 (iii) (A) Less than one and one-half formula students per
2 square mile in the local system and (B) more than two hundred
3 seventy-five square miles in the local system; or

4 (iv) (A) Less than two formula students per square mile in
5 the local system and (B) the local system includes an area equal
6 to ninety-five percent or more of the square miles in the largest
7 county in which a high school attendance center is located in the
8 local system; and

9 (c) The standard cost grouping will consist of local
10 systems that do not qualify for the very sparse or the sparse cost
11 groupings.

12 For purposes of subdivision (1) of this section, if a
13 local system did not operate and offer instruction in grades nine
14 through twelve within the boundaries of the local system during the
15 school fiscal year immediately preceding the school fiscal year in
16 which aid is to be paid, the local system shall not be considered
17 to have a high school attendance center;

18 (2) (a) The department shall calculate the average formula
19 cost per student in each cost grouping by dividing the total
20 estimated general fund operating expenditures for the cost grouping
21 by the difference between the total adjusted formula students for
22 all local systems in the cost grouping minus (i) the adjusted
23 formula students attributed to early childhood education programs
24 approved by the department pursuant to section 79-1103 for the
25 first two school fiscal years for which students attributed to

1 early childhood education programs approved by the department
2 pursuant to section 79-1103 are being included in the calculation
3 of state aid for the local system and (ii) for the first two
4 school fiscal years immediately following the school fiscal year in
5 which a district in the local system received an expansion grant
6 pursuant to section 79-1103, the difference between the adjusted
7 formula students attributed to early childhood education programs
8 approved by the department pursuant to section 79-1103 for the
9 school fiscal year immediately following the school fiscal year in
10 which a district in the local system received an expansion grant
11 minus the adjusted formula students attributed to early childhood
12 education programs approved by the department pursuant to section
13 79-1103 for the school fiscal year in which a district in the
14 local system received an expansion grant. For the calculation of
15 state aid for school fiscal year 1999-00 and for each school fiscal
16 year thereafter, the average formula cost per student in each cost
17 grouping shall not be recalculated for the final calculation of
18 state aid pursuant to section 79-1065. The calculation of total
19 adjusted formula students for purposes of this subdivision shall
20 take into account the requirements of subdivision (2) of section
21 79-1007.01. For school fiscal years prior to school fiscal year
22 2008-09, the total estimated general fund operating expenditures
23 for the cost grouping is equal to the total adjusted general fund
24 operating expenditures for all local systems in the cost grouping
25 multiplied by a cost growth factor. For school fiscal year 2008-09

1 and each school fiscal year thereafter, the total estimated general
2 fund operating expenditures for the cost grouping is equal to the
3 total adjusted general fund operating expenditures for all local
4 systems in the cost grouping.

5 (b) The cost growth factor for each cost grouping is
6 equal to the sum of: (i) One; plus (ii) the product of two
7 times the ratio of the difference between the formula students
8 attributable to the cost grouping without weighting or adjustment
9 pursuant to section 79-1007.01 and the sum of the average
10 daily membership plus tuitioned students attributable to the cost
11 grouping for the most recently available complete data year divided
12 by the sum of the average daily membership plus tuitioned students
13 attributable to the cost grouping for the most recently available
14 complete data year, except that the ratio shall not be less than
15 zero; plus (iii) the basic allowable growth rate pursuant to
16 section 79-1025 for the school fiscal year in which the aid is to
17 be distributed; plus (iv) the basic allowable growth rate pursuant
18 to section 79-1025 for the school fiscal year immediately preceding
19 the school fiscal year in which the aid is to be distributed;
20 plus (v) one-half of any additional growth rate allowed by special
21 action of school boards for the school fiscal year in which the
22 aid is to be distributed as determined for the school fiscal
23 year immediately preceding the school fiscal year when aid is to
24 be distributed; plus (vi) one-half of any additional growth rate
25 allowed by special action of the school boards for the school

1 fiscal year immediately preceding the school fiscal year when the
2 aid is to be distributed;

3 (3) For school fiscal years 2002-03 through 2006-07, each
4 local system's formula need shall be calculated by subtracting
5 the temporary aid adjustment factor from the sum of the local
6 system's transportation allowance, the local system's special
7 receipts allowance, and the product of the local system's adjusted
8 formula students multiplied by the average formula cost per student
9 in the local system's cost grouping. The calculation of total
10 adjusted formula students for purposes of this subdivision shall
11 take into account the requirements of subdivision (2) of section
12 79-1007.01;

13 (4) For school fiscal year 2007-08, each local system's
14 formula need shall be calculated by subtracting the temporary aid
15 adjustment factor from the sum of the local system's transportation
16 allowance, special receipts allowance, and distance education and
17 telecommunications allowance and the product of the local system's
18 adjusted formula students multiplied by the average formula cost
19 per student in the local system's cost grouping. The calculation
20 of total adjusted formula students for purposes of this subdivision
21 shall take into account the requirements of subdivision (2) of
22 section 79-1007.01; and

23 (5) For school fiscal year 2008-09 and each school
24 fiscal year thereafter, each school district's formula need shall
25 equal the greater of (a) the sum of the school district's

1 transportation allowance, remote elementary allowance, elementary
2 class size allowance, focus school and program allowance, limited
3 English proficiency allowance, poverty allowance, special receipts
4 allowance, and distance education and telecommunications allowance
5 plus the product of the school district's adjusted formula students
6 multiplied by the average formula cost per student in the school
7 district's local system cost grouping or (b) if the school
8 district's general fund levy was at or above ninety-nine cents
9 per one hundred dollars of valuation for the previous year,
10 the school district's prior year formula need multiplied by one
11 hundred percent. The calculation of total adjusted formula students
12 for purposes of this subdivision shall take into account the
13 requirements of subdivision (2) of section 79-1007.03.

14 Sec. 71. For school fiscal year 2008-09 and each school
15 fiscal year thereafter, the department shall determine the remote
16 elementary allowance for each local system which has at least one
17 qualifying remote elementary attendance center and which submits
18 the information required for the calculation on a form prescribed
19 by the department on or before October 15 for state aid certified
20 pursuant to section 79-1022 and on or before June 30 for the
21 final calculation of state aid pursuant to section 79-1065. For
22 purposes of calculations pursuant to this section, a qualifying
23 remote elementary attendance center is an elementary attendance
24 center, in a district with multiple elementary attendance centers,
25 which (1) (a) does not have another elementary attendance center

1 within seven miles in the same school district or (b) has an
 2 elementary attendance center offering grades kindergarten through
 3 six located in a separate incorporated city or village from
 4 any other elementary facilities in the district and (2) is not
 5 the elementary attendance center with the greatest number of
 6 formula students attributed to it in the school district. The
 7 remote elementary allowance for each local system in the standard
 8 cost grouping with at least one qualifying remote elementary
 9 attendance center shall equal the product of the formula students
 10 in grades kindergarten through six attributed to the qualifying
 11 remote elementary attendance centers in the local system multiplied
 12 by fifty percent of the statewide average general fund operating
 13 expenditures per formula student. The remote elementary allowance
 14 for each local system in the sparse or very sparse cost grouping
 15 with at least one qualifying remote elementary attendance center
 16 shall equal the product of the formula students in grades
 17 kindergarten through six attributed to the qualifying remote
 18 elementary attendance centers in the local system multiplied by
 19 twenty-five percent of the statewide average general fund operating
 20 expenditures per formula student.

21 Sec. 72. Section 79-1023, Reissue Revised Statutes of
 22 Nebraska, is amended to read:

23 79-1023 No Class II, III, IV, or V, ~~or VI~~ district shall
 24 increase its general fund budget of expenditures more than the
 25 local system's applicable allowable growth rate.

1 Sec. 73. Section 79-1026, Revised Statutes Cumulative
2 Supplement, 2006, as affected by Referendum 2006, No. 422, is
3 amended to read:

4 79-1026 For school fiscal years prior to 2008-09: On or
5 before ~~June 15, 2003~~, and ~~on or before~~ February 1, ~~for each year~~
6 ~~thereafter~~, the department shall determine and certify to each
7 Class II, III, IV, or V ~~or VI~~ district an applicable allowable
8 growth rate carried out at least four decimal places for each local
9 system as follows:

10 (1) The department shall establish a target budget level
11 range of general fund operating expenditure levels for each school
12 fiscal year for each local system which shall begin at twenty
13 percent less than the local system's formula need and end at the
14 local system's formula need. The beginning point of the range shall
15 be assigned a number equal to the maximum allowable growth rate
16 established in section 79-1025, and the end point of the range
17 shall be assigned a number equal to the basic allowable growth rate
18 as prescribed in such section such that the lower end of the range
19 shall be assigned the maximum allowable growth rate and the higher
20 end of the range shall be assigned the basic allowable growth rate;
21 and

22 (2) For each school fiscal year, each local system's
23 general fund operating expenditures shall be compared to its target
24 budget level along the range described in subdivision (1) of
25 this section to arrive at an applicable allowable growth rate as

1 follows: If each local system's general fund operating expenditures
2 fall below the lower end of the range, such applicable allowable
3 growth rate shall be the maximum growth rate identified in section
4 79-1025. If each local system's general fund operating expenditures
5 are greater than the higher end of the range, the local system's
6 allowable growth rate shall be the basic allowable growth rate
7 identified in such section. If each local system's general fund
8 operating expenditures fall between the lower end and the higher
9 end of the range, the department shall use a linear interpolation
10 calculation between the end points of the range to arrive at the
11 applicable allowable growth rate for the local system.

12 Sec. 74. Section 79-1028, Revised Statutes Cumulative
13 Supplement, 2006, as affected by Referendum 2006, No. 422, is
14 amended to read:

15 79-1028 (1) A Class II, III, IV, or V ~~or VI~~ school
16 district may exceed its applicable allowable growth rate for (a)
17 expenditures in support of a service which is the subject of
18 an agreement or a modification of an existing agreement whether
19 operated by one of the parties to the agreement or an independent
20 joint entity or joint public agency, (b) expenditures to pay for
21 repairs to infrastructure damaged by a natural disaster which is
22 declared a disaster emergency pursuant to the Emergency Management
23 Act, (c) expenditures to pay for judgments, except judgments
24 or orders from the Commission of Industrial Relations, obtained
25 against a school district which require or obligate a school

1 district to pay such judgment, to the extent such judgment is not
 2 paid by liability insurance coverage of a school district, (d)
 3 expenditures to pay for sums agreed to be paid by a school district
 4 to certificated employees in exchange for a voluntary termination
 5 of employment, or (e) expenditures to pay for lease-purchase
 6 contracts approved on or after July 1, 1997, and before July
 7 1, 1998, to the extent the lease payments were not budgeted
 8 expenditures for fiscal year 1997-98.

9 (2) A Class II, III, IV, or V ~~or VI~~ district may
 10 exceed its applicable allowable growth rate by a specific dollar
 11 amount if the district projects an increase in formula students
 12 in the district over the current school year greater than
 13 twenty-five students or greater than those listed in the schedule
 14 provided in this subsection, whichever is less. Districts shall
 15 project increases in formula students on forms prescribed by the
 16 department. The department shall approve, deny, or modify the
 17 projected increases.

| 18 | Average daily | Projected increase |
|----|-------------------|---------------------|
| 19 | membership of | of formula students |
| 20 | district | by percentage |
| 21 | 0 - 50 | 10 |
| 22 | 50.01 - 250 | 5 |
| 23 | 250.01 - 1,000 | 3 |
| 24 | 1,000.01 and over | 1 |

25 The department shall compute the district's estimated

1 allowable budget per pupil using the budgeted general fund
2 expenditures found on the budget statement for the current school
3 year divided by the number of formula students in the current
4 school year and multiplied by the district's applicable allowable
5 growth rate. The resulting allowable budget per pupil shall be
6 multiplied by the projected formula students to arrive at the
7 estimated budget needs for the ensuing year. The department
8 shall allow the district to increase its general fund budget
9 of expenditures for the ensuing school year by the amount
10 necessary to fund the estimated budget needs of the district
11 as computed pursuant to this subsection. On or before July
12 1, the department shall make available to districts which have
13 been allowed additional growth pursuant to this subsection the
14 necessary document to recalculate the actual formula students of
15 such district. Such document shall be filed with the department
16 under subsection (1) of section 79-1024.

17 (3) A Class II, III, IV, or V ~~or VI~~ district may exceed
18 its applicable allowable growth rate by a specific dollar amount
19 if construction, expansion, or alteration of district buildings
20 will cause an increase in building operation and maintenance
21 costs of at least five percent. The department shall document the
22 projected increase in building operation and maintenance costs and
23 may allow a Class II, III, IV, or V ~~or VI~~ district to exceed
24 its applicable allowable growth rate by the amount necessary to
25 fund such increased costs. The department shall compute the actual

1 increased costs for the school year and shall notify the district
2 on or before July 1 of the recovery of the additional growth
3 pursuant to this subsection.

4 (4) A Class II, III, IV, or V, ~~or VI~~ district may
5 exceed its applicable allowable growth rate by a specific dollar
6 amount if the district demonstrates to the satisfaction of the
7 department that it will exceed its applicable allowable growth rate
8 as a result of costs pursuant to the Retirement Incentive Plan
9 authorized in section 79-855 or the Staff Development Assistance
10 authorized in section 79-856. The department shall compute the
11 amount by which the increased cost of such program or programs
12 exceeds the district's applicable allowable growth rate and shall
13 allow the district to increase its general fund expenditures by
14 such amount for that fiscal year.

15 (5) A Class II, III, IV, or V district may exceed its
16 applicable allowable growth rate by the specific dollar amount of
17 incentive payments or base fiscal year incentive payments to be
18 received in such school fiscal year pursuant to section 79-1011.

19 (6) A Class II, III, IV, or V, ~~or VI~~ district may
20 exceed its applicable allowable growth rate by a specific dollar
21 amount in any year for which the state aid calculation for the
22 local system includes students in the qualified early childhood
23 education fall membership of the district for the first time or
24 for a year in which an early childhood education program of the
25 district is receiving an expansion grant. The department shall

1 compute the amount by which the district may exceed the district's
2 applicable allowable growth rate by multiplying the cost grouping
3 cost per student for the applicable cost grouping by the district's
4 adjusted formula students attributed to early childhood education
5 programs if students are included in the district's qualified
6 early childhood education fall membership for the first time or by
7 the district's adjusted formula students attributed to such early
8 childhood education programs minus the district's adjusted formula
9 students attributed to such early childhood education programs for
10 the prior school fiscal year if a program is receiving an expansion
11 grant in the school fiscal year for which the fall membership is
12 measured. The department shall allow the district to increase its
13 general fund expenditures by such amount for such school fiscal
14 year.

15 (7) For school fiscal year 2005-06, a Class II, III, IV,
16 V, or VI district may exceed its applicable allowable growth rate
17 by a specific dollar amount not to exceed seventy-four hundredths
18 percent of the amount budgeted for employee salaries for such
19 school fiscal year. For school fiscal year 2006-07, a Class II,
20 III, IV, V, or VI district may exceed its applicable allowable
21 growth rate by a specific dollar amount not to exceed fifty-nine
22 hundredths percent of the amount budgeted for employee salaries for
23 such school fiscal year.

24 (8) A Class II, III, IV, or V district that is a
25 member of a learning community may exceed its applicable allowable

1 growth rate for the first school fiscal year in which the school
2 district will be a member of a learning community for the full
3 school fiscal year by an amount equal to anticipated increases in
4 transportation expenditures necessary to meet the requirements of
5 subsection (2) of section 79-611 as approved by the department. The
6 department shall approve, deny, or modify the amount allowed
7 for anticipated increases in transportation expenditures. The
8 department shall compute the actual increase in transportation
9 expenditures necessary to meet the requirements of subsection (2)
10 of section 79-611 for such school fiscal year and shall, if needed,
11 modify the district's applicable allowable growth rate for the
12 ensuing school fiscal year.

13 (9) For school fiscal year 2008-09, a Class II, III,
14 IV, or V district may exceed its applicable allowable growth
15 rate by a specific dollar amount if the sum of the poverty
16 allowance, elementary class size allowance, focus school and
17 program allowance, and limited English proficiency allowance for
18 the school district for school fiscal year 2008-09 exceeds the
19 poverty weightings plus limited English proficiency weightings
20 multiplied by the cost grouping cost per student for the school
21 district for school fiscal year 2007-08. The department shall
22 compute the amount by which the district may exceed the applicable
23 allowable growth rate by subtracting the product of the sum of
24 the poverty weightings and limited English proficiency weightings
25 for school fiscal year 2007-08 multiplied by the average formula

1 cost per student in the school district's cost grouping for school
2 fiscal year 2007-08 from the sum of the school fiscal year 2008-09
3 poverty allowance, elementary class size allowance, focus school
4 and program allowance, and limited English proficiency allowance
5 for the school district. The department shall allow the district to
6 increase its general fund expenditures by such amount for school
7 fiscal year 2008-09.

8 (10) For school fiscal year 2009-10 and each school
9 fiscal year thereafter, a Class II, III, IV, or V district may
10 exceed its applicable allowable growth rate by a specific dollar
11 amount if the sum of the poverty allowance, elementary class size
12 allowance, focus school and program allowance, and limited English
13 proficiency allowance for the school district has grown at a rate
14 higher than the applicable allowable growth rate of the district.
15 The department shall compute the amount by which the district
16 may exceed the applicable allowable growth rate by subtracting
17 the product of the sum of the poverty allowance, elementary class
18 size allowance, focus school and program allowance, and limited
19 English proficiency allowance for the immediately preceding school
20 fiscal year multiplied by the sum of one plus the applicable
21 allowable growth rate to be exceeded from the sum of the poverty
22 allowance, elementary class size allowance, focus school and
23 program allowance, and limited English proficiency allowance for
24 the district for the school fiscal year for which the applicable
25 allowable growth rate would be exceeded. The department shall allow

1 the district to increase its general fund expenditures by such
2 amount for the applicable school fiscal year.

3 (11) A Class II, III, IV, or V school district may
4 exceed its applicable allowable growth rate by a specific dollar
5 amount not to exceed the amount received during such school fiscal
6 year from educational entities as defined in section 79-1332 for
7 providing distance education courses through the Distance Education
8 Council to such educational entities.

9 (12) A Class II, III, IV, or V school district may exceed
10 its applicable allowable growth rate for school fiscal year 2007-08
11 by a specific dollar amount equal to the amount paid in school
12 fiscal year 2006-07 to any distance education consortium in which
13 the school district was participating pursuant to an interlocal
14 agreement.

15 Sec. 75. Section 79-1029, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 79-1029 (1) A Class II, III, IV, or V, ~~or VI~~ district
18 may exceed the basic allowable growth rate prescribed in section
19 79-1025 upon an affirmative vote of at least seventy-five percent
20 of the board. The total growth shall not exceed the applicable
21 allowable growth rate certified for the local system under section
22 79-1026 plus one percent. The vote shall be taken at a public
23 meeting of the board following a special public hearing called for
24 the purpose of receiving testimony on such proposed increase. The
25 board shall give at least five calendar days' notice of such public

1 hearing and shall publish such notice at least once in a newspaper
2 of general circulation in the local system.

3 (2) A Class II, III, IV, or V ~~or VI~~ district may exceed
4 the applicable allowable growth rate prescribed in section 79-1026
5 by an amount approved by a majority of legal voters voting on the
6 issue at a primary, general, or special election called for such
7 purpose upon the recommendation of the board or upon the receipt by
8 the county clerk or election commissioner of a petition requesting
9 an election signed by at least five percent of the legal voters of
10 the district. The recommendation of the board or the petition of
11 the legal voters shall include the amount and percentage by which
12 the board would increase its general fund budget of expenditures
13 for the ensuing school year over and above the current year's
14 general fund budget of expenditures. The county clerk or election
15 commissioner shall place the question on the primary or general
16 election ballot or call for a special election on the issue after
17 the receipt of such board recommendation or legal voter petition.
18 The election shall be held pursuant to the Election Act or section
19 77-3444, and all costs for a special election shall be paid by the
20 district. A vote to exceed the applicable allowable growth rate
21 may be approved on the same question as a vote to exceed the levy
22 limits provided in section 77-3444.

23 Sec. 76. Section 79-1030, Revised Statutes Cumulative
24 Supplement, 2006, is amended to read:

25 79-1030 A Class II, III, IV, or V ~~or VI~~ district may

1 choose not to increase its general fund budget of expenditures by
 2 the full amount of its applicable allowable growth rate. In such
 3 cases, the department shall calculate the amount of unused budget
 4 authority which shall be carried forward to future budget years so
 5 a Class II, III, IV, or V ~~or VI~~ district may increase its general
 6 fund budget of expenditures in future budget years by the amount
 7 of such total unused budget authority in addition to its applicable
 8 allowable growth rate for the specific budget year.

9 Sec. 77. Section 79-1036, Reissue Revised Statutes of
 10 Nebraska, is amended to read:

11 79-1036 (1) In making the apportionment under section
 12 79-1035, the Commissioner of Education shall distribute from the
 13 school fund for school purposes, to any and all school districts
 14 in which there are situated school lands which have not been sold
 15 and transferred by deed or saline lands owned by the state, which
 16 lands are being used for a public purpose, an amount in lieu of
 17 tax money that would be raised if such lands were taxable, to
 18 be ascertained in accordance with subsection (2) of this section,
 19 except that: ~~(a) For~~ for Class I districts ~~or portions thereof~~ which
 20 are affiliated and in which there are situated school or saline
 21 lands, 38.6207 percent of the in lieu of land tax money calculated
 22 pursuant to subsection (2) of this section, based on the affiliated
 23 school system tax levy computed pursuant to section 79-1077, shall
 24 be distributed to the affiliated high school district and the
 25 remainder shall be distributed to the Class I district. +

1 ~~(b) For Class I districts or portions thereof which are~~
2 ~~part of a Class VI district which offers instruction in grades nine~~
3 ~~through twelve and in which there are situated school or saline~~
4 ~~lands, 38.6207 percent of the in lieu of land tax money calculated~~
5 ~~pursuant to subsection (2) of this section, based on the Class VI~~
6 ~~school system levy computed pursuant to section 79-1078, shall be~~
7 ~~distributed to the Class VI district and the remainder shall be~~
8 ~~distributed to the Class I district;~~

9 ~~(c) For Class I districts or portions thereof which are~~
10 ~~part of a Class VI district which offers instruction in grades~~
11 ~~seven through twelve and in which there are situated school or~~
12 ~~saline lands, 55.1724 percent of the in lieu of land tax money~~
13 ~~calculated pursuant to subsection (2) of this section, based on the~~
14 ~~Class VI school system levy computed pursuant to section 79-1078,~~
15 ~~shall be distributed to the Class VI district and the remainder~~
16 ~~shall be distributed to the Class I district; and~~

17 ~~(d) For Class I districts or portions thereof which are~~
18 ~~part of a Class VI district which offers instruction in grades six~~
19 ~~through twelve and in which there are situated school or saline~~
20 ~~lands, 62.0690 percent of the in lieu of land tax money calculated~~
21 ~~pursuant to subsection (2) of this section, based on the Class VI~~
22 ~~school system levy computed pursuant to section 79-1078, shall be~~
23 ~~distributed to the Class VI district and the remainder shall be~~
24 ~~distributed to the Class I district.~~

25 (2) The county assessor shall certify to the Commissioner

1 of Education the tax levy for school purposes of each school
2 district in which school land or saline land is located and the
3 last appraised value of such school land, which value shall be
4 the same percentage of the appraised value as the percentage of
5 the assessed value is of market value in subsection (2) of section
6 77-201 for the purpose of applying the applicable tax levy for
7 each district in determining the distribution to the districts of
8 such amounts. The school board of any school district in which
9 there is located any leased or undeeded school land or saline land
10 subject to this section may appeal to the Board of Educational
11 Lands and Funds for a reappraisalment of such school land if such
12 school board deems the land not appraised in proportion to the
13 value of adjoining land of the same or similar value. The Board of
14 Educational Lands and Funds shall proceed to investigate the facts
15 involved in such appeal and, if the contention of the school board
16 is correct, make the proper reappraisalment. The value calculation
17 in this subsection shall be used by the Commissioner of Education
18 for making distributions in each school fiscal year.

19 Sec. 78. Section 79-1065.02, Revised Statutes Cumulative
20 Supplement, 2006, is amended to read:

21 79-1065.02 (1) State aid payments shall be adjusted to
22 reflect transfers of property due to annexation, to any dissolution
23 of a Class I school district, and to any reorganization involving
24 one or more Class I school districts.

25 (2) This section applies whenever:

1 (a) A Class I school district dissolves or reorganizes
 2 in such a manner that the parcels of property making up the Class
 3 I district prior to the dissolution or reorganization which were
 4 affiliated with a Class II, III, IV, or V school district do not
 5 become part of the Class II, III, IV, or V school district with
 6 which such parcels of property were affiliated; or

7 (b) Property within the boundaries of a Class II, III,
 8 IV, or V, ~~or VI~~ school district is transferred to another school
 9 district due to a change in the school district boundaries in
 10 response to annexation of the transferred property by a city or
 11 village.

12 (3) To qualify for additional state aid pursuant to
 13 this section, the school district from which property is being
 14 transferred shall apply on a form prescribed by the State
 15 Department of Education on or before August 20 preceding the first
 16 school fiscal year for which the property will not be available for
 17 taxation for the school district's general fund levy. On or before
 18 such deadline, the applicant school district shall send copies of
 19 the application to the high school districts of the local systems
 20 receiving valuation in the transfer. For purposes of this section,
 21 property is deemed transferred from the school district whether the
 22 property was within the boundaries of the school district or the
 23 property was affiliated with the school district.

24 (4) Upon receipt of the application, the department,
 25 with the assistance of the Property Tax Administrator, shall

1 calculate the amount of additional state aid, if any, that the
2 local system, as defined in section 79-1003, for the applicant
3 school district would have received for such school fiscal year if
4 the adjusted valuation for the transferred property had not been
5 included in the adjusted valuation of such local system for the
6 calculation of state aid for such school fiscal year. On or before
7 September 20 of such school fiscal year, the department shall
8 certify to the applicant school district the amount of additional
9 state aid, if any, the district will receive. Except as otherwise
10 provided in this subsection, if such applicant school district
11 receives a lump-sum payment pursuant to subsection (2) of section
12 79-1022, such lump-sum payment shall be increased by the amount
13 of additional state aid. Except as otherwise provided in this
14 subsection, if such applicant school district does not receive a
15 lump-sum payment pursuant to such subsection, state aid payments
16 shall be increased by one-tenth of the amount of additional state
17 aid for each of the ten state aid payments for such school fiscal
18 year. If a portion of the total reduction calculated pursuant
19 to subsection (5) of this section for local systems receiving
20 valuation in the transfer of property that is the subject of the
21 application is delayed until future years, the additional state aid
22 to be paid in the school fiscal year described in subsection (3) of
23 this section shall be reduced by the amount of the total reduction
24 that is delayed until future years. The amount of the reduction
25 shall be paid as additional aid in the next school fiscal year.

1 (5) The state aid payments shall be reduced for the high
2 school district of each receiving local system. An amount equal to
3 the additional state aid calculated pursuant to subsection (4) of
4 this section for the local system of an applicant school district
5 shall be attributed to the local systems receiving valuation in
6 such transfer based upon the ratio of the adjusted valuation
7 received by each local system divided by the total adjusted
8 valuation transferred from the applicant school district. If such
9 high school district receives a lump-sum payment pursuant to
10 subsection (2) of section 79-1022, such lump-sum payment shall be
11 reduced by the amount attributed to the receiving local system.
12 If the high school district of a receiving local system does not
13 receive a lump-sum payment pursuant to such subsection, state aid
14 payments shall be reduced by one-tenth of the amount attributed
15 to such receiving local system for each of the ten state aid
16 payments for such school fiscal year. If the total reduction is
17 greater than the total state aid payments for such school fiscal
18 year, the remainder shall be subtracted from state aid payments
19 in future school fiscal years until the total reduction has been
20 subtracted from state aid payments. On or before September 20 of
21 such school fiscal year, the department shall certify to the high
22 school district of the receiving local system the amount of the
23 reduction in state aid.

24 (6) For purposes of the final calculation of state aid
25 pursuant to section 79-1065, the adjusted valuation of the property

1 that was transferred shall also be transferred for purposes of
2 adjusted valuation for the final calculation of state aid. For
3 determining adjustments in state aid pursuant to section 79-1065,
4 the final calculation of state aid shall be compared to the
5 state aid certified for such school fiscal year combined with
6 any adjustments in state aid payments and transfers from other
7 districts pursuant to this section.

8 Sec. 79. Section 79-1072, Reissue Revised Statutes of
9 Nebraska, is amended to read:

10 79-1072 The school board or board of education of any
11 Class II, III, IV, or V, ~~or VI~~ school district may establish
12 a contingency fund for losses. Such contingency fund shall be
13 established and maintained by transfers from the general fund
14 of such school district as authorized by the school board or
15 board of education of such school district. Disbursements from
16 such contingency fund shall not exceed five percent of the total
17 budgeted general fund expenditures of the school district and shall
18 be used only for defense against losses, payment of losses, and
19 transfer of funds to the general fund of such school district as
20 authorized by the board.

21 Sec. 80. Section 79-1077, Reissue Revised Statutes of
22 Nebraska, is amended to read:

23 79-1077 ~~(1)~~ Whenever the affiliation of a Class I
24 district ~~or portion thereof~~ becomes final, the general fund
25 property tax requirement of the high school district and each

1 Class I district ~~or portion thereof~~ in an affiliated school system
2 shall be certified to the county assessor for computation of
3 an affiliated school system tax levy. The proceeds of such tax
4 levy, upon collection by the county, shall be distributed to the
5 districts in the affiliated school system in amounts which are
6 in proportion to the amounts of the general fund property tax
7 requirements certified by such districts to the county assessor.
8 Such tax levy shall be ~~computed as follows:~~(a) If one ~~or more~~ Class
9 I districts affiliate with only one high school district, the sum
10 of the general fund property tax requirements of the high school
11 district and all such affiliated Class I districts shall be divided
12 by the sum of the assessed valuation, in hundreds, of all such
13 districts. ~~or~~

14 (b) If a Class I district ~~or portion thereof~~ affiliates
15 with more than one high school district, such Class I district's
16 general fund property tax requirement shall be apportioned to
17 respective portions of such Class I district for purposes of this
18 computation based on each portion's assessed taxable valuation in
19 relation to the total assessed valuation of all affiliated portions
20 of the Class I district certified by the county clerk pursuant to
21 section 79-1074, and the affiliated school system tax levy shall
22 be computed as though it were a single district as prescribed in
23 subdivision (a) of this subsection.

24 (2) When a Class I district ~~or portion thereof~~ affiliates
25 in part with one or more districts and in part becomes a part of

1 one or more Class VI districts, the tax levy assessed on taxable
 2 property within the Class I district to fund the portion of the
 3 budget of the Class I district which is to come from the general
 4 fund property tax requirement shall be made as follows:

5 (a) The proportionate share of the Class I district
 6 budget allocable to any affiliated system shall be assessed on
 7 all property within such affiliated system as described in this
 8 section; and

9 (b) The proportionate share of the Class I general fund
 10 property tax requirement not allocable to any affiliated system
 11 shall be assessed in accordance with section 79-1078.

12 Sec. 81. Section 79-1083.02, Revised Statutes Cumulative
 13 Supplement, 2006, as affected by Referendum 2006, No. 422, is
 14 amended to read:

15 79-1083.02 On or before February 5, 2003, and on or
 16 before February 1 of each year thereafter, the The State Department
 17 of Education shall designate a primary high school district for
 18 each Class I school district, for the following school fiscal year.
 19 The primary high school district shall be the one Class II, III,
 20 IV, or V, ~~or VI~~ school district or the unified system with which
 21 the greatest share of the Class I district's assessed valuation is
 22 affiliated or of which such share is a part for the school fiscal
 23 year immediately preceding the school fiscal year for which the
 24 primary high school district determination is made. the Class I
 25 district is affiliated. The department shall certify to all school

1 districts and all county clerks the primary high school district
2 for each Class I district.

3 Sec. 82. Section 79-1083.03, Revised Statutes Cumulative
4 Supplement, 2006, as affected by Referendum 2006, No. 422, is
5 amended to read:

6 79-1083.03 ~~(1)(a)~~ If the primary high school district
7 designated pursuant to section 79-1083.02 is a Class VI district,
8 the Class I district's total allowable general fund budget of
9 expenditures minus the special education budget of expenditures
10 shall be determined by the school board of such Class VI district
11 and shall be certified to the Class I district on or before June
12 24, 2003, and on or before March 1 each year thereafter for the
13 following school fiscal year.

14 ~~(b)~~ The Class VI primary high school district shall
15 certify the total allowable general fund budget of expenditures
16 minus the special education budget of expenditures for the Class I
17 district to the State Department of Education on or before August
18 1, 2003, and on or before April 20 each year thereafter.

19 ~~(2)~~ If the primary high school district is not a Class
20 VI district, the (1) The Class I district's total allowable minimum
21 budget authority for the general fund budget of expenditures minus
22 the special education budget of expenditures shall be determined by
23 the department as follows and certified on or before June 15, 2003,
24 and certified on or before February 1 each year thereafter, for the
25 following school fiscal year and shall equal the greater of fifty

1 thousand dollars or the cost grouping cost per student for the
2 local system's cost grouping multiplied by the adjusted weighted
3 formula students attributed to the Class I school district for the
4 certification of aid pursuant to section 79-1022. For new Class I
5 school districts which will be created for the following school
6 year pursuant to orders issued by the State Committee for the
7 Reorganization of School Districts, the minimum budget authority
8 for the general fund budget of expenditures minus the special
9 education budget of expenditures shall equal the greater of fifty
10 thousand dollars or the cost grouping cost per student for the
11 local system's cost grouping multiplied by the estimated number of
12 students included in the plan pursuant to section 1 of this act.
13 For new Class I school districts created after a primary election,
14 the minimum budget authority shall be certified by the department
15 within forty days following the primary election. +

16 (a) The total allowable general fund budget of
17 expenditures minus the special education budget of expenditures
18 for the Class I district in the school fiscal year immediately
19 preceding the school fiscal year for which the budget is prepared
20 shall be divided by the formula students in the Class I district
21 as defined in section 79-1003, and the result shall be increased
22 by the applicable allowable growth rate for the primary high
23 school district's local system for the ensuing school fiscal year
24 calculated pursuant to section 79-1026 as determined on or before
25 June 15, 2003, and on or before February 1 each year thereafter, of

1 the school fiscal year immediately preceding the school fiscal year
2 for which the budget is prepared;

3 (b) The total allowable general fund budget of
4 expenditures minus the special education budget of expenditures
5 for the primary high school district in the school fiscal year
6 immediately preceding the school fiscal year for which the budget
7 is prepared shall be divided by the formula students as defined
8 in section 79-1003 in the primary high school district weighted
9 by the grade weighting factors contained in subdivision (1)(a)
10 of section 79-1007.01, and the result shall be multiplied by the
11 kindergarten through grade eight formula students as defined in
12 section 79-1003 weighted by the grade weighting factors contained
13 in subdivision (1)(a) of section 79-1007.01 to calculate the total
14 allowable general fund budget of expenditures minus the special
15 education budget of expenditures for kindergarten through grade
16 eight in the primary high school district. The total allowable
17 general fund budget of expenditures minus the special education
18 budget of expenditures for kindergarten through grade eight shall
19 be divided by the kindergarten through grade eight formula students
20 without weighting. The result shall be increased by the applicable
21 allowable growth rate for the primary high school district's local
22 system for the ensuing school fiscal year calculated pursuant to
23 section 79-1026 as determined on or before June 15, 2003, and on or
24 before February 1 each year thereafter, of the school fiscal year
25 immediately preceding the school fiscal year for which the budget

1 is prepared;

2 (c) The amounts calculated in subdivisions (2)(a) and
3 (2)(b) of this section shall be summed and the result divided
4 by two to arrive at the total allowable general fund budget of
5 expenditures minus the special education budget of expenditures per
6 formula student for the Class I district; and

7 (d) The total allowable general fund budget of
8 expenditures minus the special education budget of expenditures per
9 formula student for the Class I district shall be multiplied by
10 the formula students as defined in section 79-1003 for the Class I
11 district as used by the department for certification of the ensuing
12 school fiscal year's state aid, and the result shall be the total
13 allowable general fund budget of expenditures minus the special
14 education budget of expenditures for the Class I district for the
15 ensuing school fiscal year except as provided in subsection (3) of
16 this section.

17 ~~(3)(a)~~ (2)(a) The school board of the Class I district
18 may, shall, on or before July 1, 2003, and on or before March 10,
19 each year thereafter, submit a request to exceed the for a total
20 allowable general fund budget of expenditures minus the special
21 education budget of expenditures to all the school boards the
22 school board of the high school district ~~or districts~~ with which
23 the Class I district is affiliated, or of which it is a part. For
24 Class I districts to exceed the total allowable general fund budget
25 of expenditures minus the special education budget of expenditures,

1 the total general fund budget of expenditures request shall be
2 approved by high school districts, including the primary high
3 school district, such that the portions of the Class I district
4 that are affiliated with or part of the approving high school
5 districts comprise at least two-thirds of the assessed valuation
6 of the Class I district. Such request shall specify the total
7 general fund budget of expenditures, broken down by expenditures
8 for special education, for regular education, and for special grant
9 funds as defined in section 79-1003, for which the Class I district
10 seeks authority.

11 (b) The high school district shall approve or deny the
12 request on or before July 15, 2003, and on or before April 10 each
13 year thereafter following the receipt of such request and shall
14 forward written notification to the Class I district of approval
15 or denial. A request for additional budget authority shall be
16 considered approved in the full amount of the request if (i) no
17 action is taken by the high school district or (ii) the high school
18 district fails to send written notification to the Class I district
19 of the denial of a request for additional budget authority. The
20 high school district may modify the request prior to approval,
21 except that the total allowable general fund budget of expenditures
22 minus the special education budget of expenditures shall not be
23 less than the minimum budget authority calculated pursuant to
24 subsection (1) of this section for an approved request. The high
25 school district may deny the request if the Class I district has

1 fewer than three resident students enrolled in the current school
 2 year. If the high school district denies the request, the total
 3 allowable general fund budget of expenditures minus the special
 4 education budget of expenditures shall be zero. The total allowable
 5 general fund budget of expenditures minus the special education
 6 budget of expenditures for a Class I school district shall be
 7 included within the budget authority of the high school district.

8 ~~(4)~~ (3) The school board of a Class I district may,
 9 after October 15 of each year, amend the general fund budget of
 10 expenditures (a) by increasing the special education budget of
 11 expenditures, (b) for any special grant funds as defined in section
 12 79-1003 received any time during a school fiscal year, or (c) for
 13 current fiscal year expenditures the board deems essential if the
 14 expenditures could not reasonably have been anticipated at the time
 15 the budget for the current year was adopted. A copy of the revised
 16 budget shall be filed pursuant to subsection (4) of section 13-511
 17 and section 79-1024.

18 ~~(5)~~ (4) ~~Each Class I districts district~~ shall certify
 19 the items required by subsection (1) of section 13-508 to ~~all of~~
 20 ~~their high school districts~~ its high school district on or before
 21 August 1.

22 ~~(6)~~ (5) All primary high school districts shall certify
 23 to the department and ~~all other affected districts, on or before~~
 24 ~~August 1, 2003, and on or before April 20 each year thereafter,~~
 25 the approved total allowable general fund budget of expenditures

1 minus the special education budget of expenditures for a each Class
 2 I district when the Class I district has requested to exceed its
 3 certified budget authority and the request has been approved, with
 4 which the high school district is affiliated.

5 Sec. 83. Section 79-10,103, Reissue Revised Statutes of
 6 Nebraska, is amended to read:

7 79-10,103 (1) The school board of any school district
 8 may lease, purchase, acquire, own, manage, and hold title to
 9 real property which is located outside of its school district for
 10 laboratory, recreation, camping, or educational facilities, except
 11 that any purchase costing (a) more than one thousand dollars by
 12 any Class I or II school district or (b) more than five thousand
 13 dollars by any Class III, IV, or V, ~~or VI~~ school district shall
 14 be submitted to a vote of the legal voters in that school district
 15 seeking to acquire the property.

16 (2) The election provisions of this section do not
 17 apply when a school district which currently owns real property
 18 outside the school district desires to lease, purchase, acquire,
 19 own, manage, and hold title to additional real property located
 20 contiguous to such property for laboratory, recreation, camping, or
 21 educational facilities.

22 Sec. 84. Section 79-10,110, Reissue Revised Statutes of
 23 Nebraska, is amended to read:

24 79-10,110 (1) After making a determination that an actual
 25 or potential environmental hazard or accessibility barrier exists,

1 that a life safety code violation exists, or that expenditures
2 are needed for indoor air quality or mold abatement and prevention
3 within the school buildings or grounds under its control, a school
4 board may make and deliver to the county clerk of such county
5 in which any part of the school district is situated, not later
6 than the date provided in section 13-508, an itemized estimate of
7 the amounts necessary to be expended for the abatement of such
8 environmental hazard, for accessibility barrier elimination, or for
9 modifications for life safety code violations, indoor air quality,
10 or mold abatement and prevention in such school buildings or
11 grounds. The board shall conduct a public hearing on the itemized
12 estimate prior to presenting such estimate to the county clerk.
13 Notice of the place and time of such hearing shall, at least five
14 days prior to the date set for hearing, be published in a newspaper
15 of general circulation within the school district. The board shall
16 designate the particular environmental hazard abatement project,
17 accessibility barrier elimination project, or modification for life
18 safety code violations, indoor air quality, or mold abatement and
19 prevention for which the tax levy provided for by this section will
20 be expended, the period of years, which shall not exceed ten years,
21 for which the tax will be levied for such project, and the amount
22 of the levy for each year of the period.

23 (2) After a public hearing, a school board may undertake
24 any qualified capital purpose in any qualified zone academy under
25 its control and may levy a tax as provided in this section to

1 repay a qualified zone academy bond issued for such undertaking.
2 The board shall designate the particular qualified capital purpose
3 for which the qualified zone academy bond was issued and for which
4 the tax levy provided for by this section will be expended, the
5 period of years, not exceeding fifteen, for which the tax will be
6 levied for such qualified zone academy bond, and the amount of the
7 levy for each year of the period. The hearing required by this
8 subsection shall be held only after notice of such hearing has been
9 published for three consecutive weeks prior to the hearing in a
10 legal newspaper published or of general circulation in the school
11 district.

12 (3) The board may designate more than one project under
13 subsection (1) of this section or qualified capital purpose
14 under subsection (2) of this section and levy a tax pursuant
15 to this section for each such project or qualified capital
16 purpose, concurrently or consecutively, as the case may be, if
17 the aggregate levy in each year and the duration of each such
18 levy will not exceed the limitations specified in this section.
19 Each levy for a project or qualified capital purpose which is
20 authorized by this section may be imposed for such duration as
21 the board specifies, notwithstanding the contemporaneous existence
22 or subsequent imposition of any other levy for another project
23 or qualified capital purpose imposed pursuant to this section and
24 notwithstanding the subsequent issuance by the district of bonded
25 indebtedness payable from its general fund levy.

1 (4) The county clerk shall levy such taxes, not to
2 exceed five and one-fifth cents per one hundred dollars of taxable
3 valuation for Class II, III, IV, and V~~7~~ ~~and VI~~ districts, and
4 not to exceed the limits set for Class I districts in section
5 79-10,124, on the taxable property of the district necessary to (a)
6 cover the environmental hazard abatement or accessibility barrier
7 elimination project costs or costs for modification for life
8 safety code violations, indoor air quality, or mold abatement and
9 prevention itemized by the board pursuant to subsection (1) of this
10 section and (b) repay any qualified zone academy bonds pursuant to
11 subsection (2) of this section. Such taxes shall be collected by
12 the county treasurer at the same time and in the same manner as
13 county taxes are collected and when collected shall be paid to the
14 treasurer of the district and used to cover the project costs.

15 (5) If such board operates grades nine through twelve
16 as part of an affiliated school system, it shall designate the
17 fraction of the project or undertaking to be conducted for the
18 benefit of grades nine through twelve. Such fraction shall be
19 raised by a levy placed upon all of the taxable value of all
20 taxable property in the affiliated school system pursuant to
21 subsection (2) of section 79-1075. The balance of the project or
22 undertaking to be conducted for the benefit of grades kindergarten
23 through eight shall be raised by a levy placed upon all of the
24 taxable value of all taxable property in the district which is
25 governed by such board. The combined rate for both levies in the

1 high school district, to be determined by such board, shall not
2 exceed five and one-fifth cents on each one hundred dollars of
3 taxable value.

4 (6) Each board which submits an itemized estimate shall
5 establish an environmental hazard abatement and accessibility
6 barrier elimination project account, a life safety code
7 modification project account, an indoor air quality project
8 account, or a mold abatement and prevention project account, and
9 each board which undertakes a qualified capital purpose shall
10 establish a qualified capital purpose undertaking account, within
11 the qualified capital purpose undertaking fund. Taxes collected
12 pursuant to this section shall be credited to the appropriate
13 account to cover the project or undertaking costs. Such estimates
14 may be presented to the county clerk and taxes levied accordingly.

15 (7) For purposes of this section:

16 (a) Abatement includes, but is not limited to, any
17 inspection and testing regarding environmental hazards, any
18 maintenance to reduce, lessen, put an end to, diminish, moderate,
19 decrease, control, dispose of, or eliminate environmental hazards,
20 any removal or encapsulation of environmentally hazardous material
21 or property, any restoration or replacement of material or
22 property, any related architectural and engineering services, and
23 any other action to reduce or eliminate environmental hazards in
24 the school buildings or on the school grounds under the board's
25 control, except that abatement does not include the encapsulation

1 of any material containing more than one percent friable asbestos;

2 (b) Accessibility barrier means anything which impedes
3 entry into, exit from, or use of any building or facility by all
4 people;

5 (c) Accessibility barrier elimination includes, but is
6 not limited to, inspection for and removal of accessibility
7 barriers, maintenance to reduce, lessen, put an end to, diminish,
8 control, dispose of, or eliminate accessibility barriers, related
9 restoration or replacement of facilities or property, any related
10 architectural and engineering services, and any other action to
11 eliminate accessibility barriers in the school buildings or grounds
12 under the board's control;

13 (d) Environmental hazard means any contamination of the
14 air, water, or land surface or subsurface caused by any substance
15 adversely affecting human health or safety if such substance has
16 been declared hazardous by a federal or state statute, rule, or
17 regulation;

18 (e) Modification for indoor air quality includes, but
19 is not limited to, any inspection and testing regarding indoor
20 air quality, any maintenance to reduce, lessen, put an end to,
21 diminish, moderate, decrease, control, dispose of, or eliminate
22 indoor air quality problems, any restoration or replacement of
23 material or related architectural and engineering services, and any
24 other action to reduce or eliminate indoor air quality problems
25 or to enhance air quality conditions in new or existing school

1 buildings or on school grounds under the control of a school board;

2 (f) Modification for life safety code violation includes,
3 but is not limited to, any inspection and testing regarding life
4 safety codes, any maintenance to reduce, lessen, put an end to,
5 diminish, moderate, decrease, control, dispose of, or eliminate
6 life safety hazards, any restoration or replacement of material or
7 property, any related architectural and engineering services, and
8 any other action to reduce or eliminate life safety hazards in new
9 or existing school buildings or on school grounds under the control
10 of a school board;

11 (g) Modification for mold abatement and prevention
12 includes, but is not limited to, any inspection and testing
13 regarding mold abatement and prevention, any maintenance to
14 reduce, lessen, put an end to, diminish, moderate, decrease,
15 control, dispose of, or eliminate mold problems, any restoration or
16 replacement of material or related architectural and engineering
17 services, and any other action to reduce or eliminate mold problems
18 or to enhance air quality conditions in new or existing school
19 buildings or on school grounds under the control of a school board;

20 (h) Qualified capital purpose means (i) rehabilitating or
21 repairing the public school facility in which the qualified zone
22 academy is established or (ii) providing equipment for use at such
23 qualified zone academy;

24 (i) Qualified zone academy has the meaning found in 26
25 U.S.C. 1397E(d)(4), as such section existed on April 6, 2001;

1 (j) Qualified zone academy allocation means the
2 allocation of the qualified zone academy bond limitation by the
3 State Department of Education to the qualified zone academies
4 pursuant to 26 U.S.C. 1397E(e) (2), as such section existed on April
5 6, 2001; and

6 (k) Qualified zone academy bond has the meaning found in
7 26 U.S.C. 1397E(d) (1), as such section existed on May 8, 2001.

8 (8) Accessibility barrier elimination project costs
9 includes, but is not limited to, inspection, maintenance,
10 accounting, emergency services, consultation, or any other action
11 to reduce or eliminate accessibility barriers.

12 (9) For the purpose of paying amounts necessary for
13 the abatement of environmental hazards, accessibility barrier
14 elimination, or modifications for life safety code violations,
15 indoor air quality, or mold abatement and prevention, the board may
16 borrow money and issue bonds and other evidences of indebtedness
17 of the district, which bonds and other evidences of indebtedness
18 shall be secured by and payable from an irrevocable pledge by the
19 district of amounts received in respect of the tax levy provided
20 for by this section and any other funds of the district available
21 therefor. Bonds and other evidences of indebtedness issued by a
22 district pursuant to this subsection shall not constitute a general
23 obligation of the district or be payable from any portion of its
24 general fund levy.

25 (10) The total principal amount of bonds for

1 modifications to correct life safety code violations, for indoor
2 air quality problems, or for mold abatement and prevention which
3 may be issued pursuant to this section shall not exceed the total
4 amount specified in the itemized estimate described in subsection
5 (1) of this section.

6 (11) The total principal amount of qualified zone academy
7 bonds which may be issued pursuant to this section for qualified
8 capital purposes with respect to a qualified zone academy shall
9 not exceed the qualified zone academy allocation granted to the
10 board by the department. The total amount that may be financed by
11 qualified zone academy bonds pursuant to this section for qualified
12 purposes with respect to a qualified zone academy shall not exceed
13 seven and one-half million dollars statewide in a single year.
14 In any year that the Nebraska qualified zone academy allocations
15 exceed seven and one-half million dollars for qualified capital
16 purposes to be financed with qualified zone academy bonds issued
17 pursuant to this section, (a) the department shall reduce such
18 allocations proportionally such that the statewide total for such
19 allocations equals seven and one-half million dollars and (b) the
20 difference between the Nebraska allocation and seven and one-half
21 million dollars shall be available to qualified zone academies for
22 requests that will be financed with qualified zone academy bonds
23 issued without the benefit of this section.

24 Nothing in this section directs the State Department of
25 Education to give any preference to allocation requests that will

1 be financed with qualified zone academy bonds issued pursuant to
2 this section.

3 Sec. 85. Section 79-10,114, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 79-10,114 No school property of any kind belonging to
6 any Class II, III, or IV, ~~or VI~~ school district shall be sold
7 by the school board or board of education except at a regular
8 meeting of the board and with an affirmative recorded vote of at
9 least two-thirds of all the members of the board. Proceeds of sale
10 of school property sold as provided in this section may be held
11 separately from other funds of the school district and may be used
12 for any school purpose as the board may determine, including, but
13 not limited to, acquiring sites for school buildings or teacherages
14 and purchasing existing buildings for use as school buildings or
15 teacherages, including the sites upon which such buildings are
16 located, and the erection, alteration, equipping, and furnishing of
17 school buildings or teacherages.

18 Sec. 86. Section 79-10,117, Reissue Revised Statutes of
19 Nebraska, is amended to read:

20 79-10,117 The legal voters of any Class III ~~or VI~~ school
21 district have the power, at an election or at any annual or special
22 meeting, to (1) direct the purchasing or leasing of any appropriate
23 site and the building, hiring, or purchasing of a teacherage
24 for the purpose of providing housing facilities for the school
25 employees of the district, (2) determine the amount necessary to be

1 expended for such purposes the succeeding year, and (3) vote on a
2 tax on the property of the district for the payment of the amount.

3 Sec. 87. Section 79-10,118, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 79-10,118 A tax to establish a special fund for the
6 building, hiring, or purchasing of a teacherage for the purpose of
7 providing housing facilities for the school employees of any Class
8 III ~~or VI~~ district may be levied when authorized by fifty-five
9 percent of the legal voters voting on the proposition. The notice
10 of the proposal to establish such special fund shall include the
11 sum to be raised or the amount of the tax to be levied, the
12 period of years, and the time of its taking effect. If fifty-five
13 percent of the legal voters voting at any such election vote in
14 favor of the proposition, the result of such election shall be
15 certified to the county board which, upon being satisfied that all
16 the requirements have been substantially complied with, shall cause
17 the proceedings to be entered upon the record of the county board
18 and shall make an order that the levy be made in accordance with
19 the election result and collected as other taxes.

20 Sec. 88. Section 79-10,120, Revised Statutes Cumulative
21 Supplement, 2006, is amended to read:

22 79-10,120 The school board or board of education of a
23 Class II, III, IV, or V, ~~or VI~~ school district may establish a
24 special fund for purposes of acquiring sites for school buildings
25 or teacherages, purchasing existing buildings for use as school

1 buildings or teacherages, including the sites upon which such
2 buildings are located, and the erection, alteration, equipping,
3 and furnishing of school buildings or teacherages and additions
4 to school buildings for elementary and high school grades and
5 for no other purpose. For school districts that are not members
6 of learning communities, the fund shall be established from the
7 proceeds of an annual levy, to be determined by the board, of
8 not to exceed fourteen cents on each one hundred dollars upon
9 the taxable value of all taxable property in the district which
10 shall be in addition to any other taxes authorized to be levied
11 for school purposes. Such tax shall be levied and collected as
12 are other taxes for school purposes. For school districts that are
13 members of a learning community, such fund shall be established
14 from the proceeds of the learning community special building funds
15 levy directed to the school district for such purpose pursuant
16 to subdivision (2)(f) of section 77-3442 and the proceeds of any
17 school district special building fund levy pursuant to subdivision
18 (2)(b) of section 77-3442.

19 Sec. 89. Section 79-1217, Reissue Revised Statutes of
20 Nebraska, is amended to read:

21 79-1217 (1) All educational service units, except
22 Educational Service Units No. 18 and 19, shall be governed by a
23 board to be known as the Board of Educational Service Unit No.
24 The educational service unit board shall be composed of
25 one member from each county and four members at large, all of whom

1 shall reside within the geographical boundaries of the educational
2 service unit, but no more than two of the members at large shall
3 be appointed or elected from the same county unless any one county
4 within the educational service unit has a population in excess of
5 one hundred fifty thousand inhabitants or the educational service
6 unit consists of only one county. The four candidates who receive
7 the highest number of votes for at-large representative shall be
8 elected, except that if more than two of such candidates reside
9 within the same county which has a population of one hundred fifty
10 thousand inhabitants or less, the candidates from such county
11 receiving fewer votes than the two candidates receiving the highest
12 number of votes for at-large representative from such county shall
13 not be elected and a vacancy or vacancies shall exist for at-large
14 representative. The vacancy shall be filled pursuant to subsection
15 (2) of this section. Successors to the members initially appointed
16 shall be elected pursuant to section 32-515.

17 (2) Vacancies in office shall occur as set forth in
18 section 32-560. Whenever any vacancy occurs on the board, the
19 remaining members of such board shall appoint an individual
20 residing within the geographical boundaries of the educational
21 service unit and meeting the qualifications for the office to fill
22 such vacancy for the balance of the unexpired term.

23 (3) Members of the board shall receive no compensation
24 for their services but shall be reimbursed for the actual and
25 necessary expenses incurred in the performance of their duties

1 under the Educational Service Units Act as provided in sections
2 81-1174 to 81-1177.

3 (4) ~~Except as provided in subsection (5) of this section,~~
4 ~~any~~ Any joint school district located in two or more counties shall
5 be considered a part of the educational service unit in which the
6 greater number of school-age children of such joint school district
7 reside. All legal voters of any such joint school district shall be
8 eligible to hold office as the county representative of the county
9 in which the greater number of school-age children reside. Any
10 legal voter of any joint school district shall be eligible to hold
11 office as the at-large representative if such legal voter resides
12 within the geographical boundary of the school district comprising
13 the educational service unit.

14 ~~(5) Any Class I district which is part of a Class VI~~
15 ~~district shall be considered a part of the educational service~~
16 ~~unit of which the Class VI district is a member. If the Class~~
17 ~~VI district has removed itself from an educational service unit,~~
18 ~~each Class I district which is part of such Class VI district may~~
19 ~~continue its existing membership in an educational service unit~~
20 ~~or may change its status relative to membership in an educational~~
21 ~~service unit in accordance with section 79-1209. The patrons of a~~
22 ~~Class I district maintaining membership in an educational service~~
23 ~~unit pursuant to this subsection shall have the same rights and~~
24 ~~privileges as other patrons of the educational service unit, and~~
25 ~~the taxable valuation of the taxable property within the geographic~~

1 boundaries of such Class I district shall be subject to the
2 educational service unit's tax levy established pursuant to section
3 ~~79-1225.~~

4 ~~(6)~~ (5) The administrator of each educational service
5 unit, prior to July 1 of each year in which a statewide primary
6 election is to be held, shall certify to the election commissioner
7 or county clerk of each county located within the unit the
8 corporate name of each school district, as described in section
9 79-405, located within the county. If a school district is a joint
10 school district located in two or more counties, the administrator
11 shall certify to each election commissioner or county clerk the
12 educational service unit of which the school district is considered
13 to be a part.

14 ~~(7)~~ (6) Educational Service Unit No. 18 shall be governed
15 by the school board of School District 55-001 of Lancaster County.

16 ~~(8)~~ (7) Educational Service Unit No. 19 shall be governed
17 by the school board of School District 28-001 of Douglas County.

18 Sec. 90. Section 79-1504, Reissue Revised Statutes of
19 Nebraska, is amended to read:

20 79-1504 The provisions of Article III, SECTION A., of the
21 Compact for Education notwithstanding, the members of the Education
22 Commission of the States representing this state shall consist
23 of the Governor, three members of the Legislature selected by
24 the Executive Board of the Legislative Council, and three members
25 appointed by the Governor. Of the three members appointed by the

1 Governor, one member shall be a member of a school board or board
 2 of education of a Class II, III, IV, or V ~~or VI~~ school district or
 3 an appointed representative of a state association of school boards
 4 or boards of education representing such districts.

5 Sec. 91. The Revisor of Statutes shall assign sections 1
 6 to 9 of this act within Chapter 79.

7 Sec. 92. Original sections 32-570, 79-234, 79-498,
 8 79-4,100, 79-4,103, 79-501, 79-502, 79-524, 79-525, 79-526,
 9 79-559, 79-569, 79-570, 79-572, 79-576, 79-577, 79-578, 79-579,
 10 79-580, 79-581, 79-587, 79-588, 79-594, 79-5,107, 79-716, 79-828,
 11 79-1023, 79-1029, 79-1036, 79-1072, 79-1077, 79-10,103, 79-10,110,
 12 79-10,114, 79-10,117, 79-10,118, 79-1217, and 79-1504, Reissue
 13 Revised Statutes of Nebraska, sections 23-3302, 72-2304, 79-528,
 14 79-554, 79-586, 79-1001, 79-1007.02, 79-1030, 79-1065.02, and
 15 79-10,120, Revised Statutes Cumulative Supplement, 2006, and
 16 sections 79-102, 79-401, 79-402, 79-403, 79-413, 79-415, 79-416,
 17 79-418, 79-419, 79-423, 79-431, 79-433, 79-434, 79-443, 79-447,
 18 79-452, 79-454, 79-455, 79-470, 79-472, 79-473, 79-479, 79-494,
 19 79-495, 79-4,101, 79-611, 79-850, 79-1003, 79-1026, 79-1028,
 20 79-1083.02, and 79-1083.03, Revised Statutes Cumulative Supplement,
 21 2006, as affected by Referendum 2006, No. 422, are repealed.

22 Sec. 93. The following sections are outright repealed:
 23 Sections 32-546, 79-523, 79-553, 79-563, 79-568, 79-585, 79-5,108,
 24 79-717, and 79-1078, Reissue Revised Statutes of Nebraska, and
 25 sections 79-404, 79-410, 79-411, 79-417, 79-424, 79-425, 79-426,

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1 79-477, 79-478, 79-4,109, 79-4,110, and 79-4,111, Revised Statutes
2 Cumulative Supplement, 2006, as affected by Referendum 2006, No.
3 422.

4 Sec. 94. Since an emergency exists, this act takes effect
5 when passed and approved according to law.